

NEWS SUMMARY

GENERAL

MPs split over hours

The Commons Select Committee on Procedure has failed to agree on any recommendation to change drastically the pattern of sittings. Its report urges that the normal 10 pm closure could be put back only if more than 200 MPs voted for more normal hours.

Labour MP Mr. John Garrett argued that Parliament should break with the tradition of the gentleman amateur but Sir David Renton, a Tory committee member, said that full-time members would become "an inward-looking and narrow-minded bunch."

The split on hours is the most visible part of a basic disagreement between Labour and Tories on how far Parliamentary reform should go. Back and Page 8; Men and Matters Page 16

Karpov victory

Anatoly Karpov defeated challenger Viktor Korchnoi in the eighth game of the world chess championships in Baguio in the Philippines, scoring the first win after seven draws.

Thalidomide cash

An independent report recommending payments of £10,000 each to the victims of thalidomide damage has been approved by the Government and Distillers. A Tokyo court has ordered the Japanese Government and three drug companies to pay damages to 118 victims of a nervous disease caused by the drug Quinacrine. Thalidomide report, Page 6

Homes sexism

Several housing societies may be breaking the law by discriminating against married women, says a survey conducted for the Equal Opportunities Commission by the Consumers' Association. Back Page

Council changes

Proposals for a mini-reorganisation of English local government to reverse some of the sweeping changes made under the Local Government Act of 1972 were announced last night by Mr. Peter Shore, Environment Secretary. Page 8

Sun rises again

The Sun newspaper is to print again today after an 11-day stoppage that has cost the company at least £1.8m. Journalists have been on strike over a productivity pay deal. Page 7

Pig problem

Farmers angry at low pork prices forced French President Valéry Giscard d'Estaing to change helicopter during a visit to Brittany by hanging a dead pig on the rotor arm of his aircraft. Briefly...

Briefly...

President Ramalho Eanes was to meet Portuguese political leaders last night in what was seen as a step to form a government of "personalities" which would have majority support in the Portuguese Assembly. Page 2

REED INTERNATIONAL

pre-tax profits for the first quarter to June 30 advanced from £20.5m to £21.5m on sales of £397.5m (£394.5m). Page 20 and Lex

BUSINESS

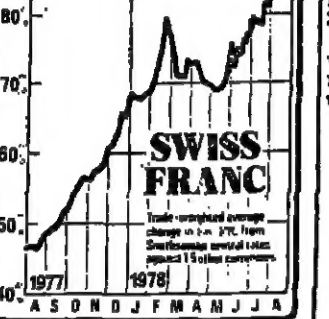
Record volume on Wall Street

WALL STREET trading was the highest on record. The Dow Jones industrial average closed 3.38 up at 836.87. The heavy volume of trading was attributed to conviction that interest rates had peaked. Page 4

EQUITIES rose 4.6 to 499.3, with gains in secondary stocks pushing the FT All-share index up 0.7 to 238.34. Its highest since its compilation in 1962.

GILTS were firm and the Government Securities index closed 0.13 up at 70.97.

STERLING gained 20 points against the dollar to \$1.9300, its trade-weighted index rising to 62.4 (62.3). The Swiss franc and the Mark Page 16



made headway, too, against the dollar, but the yen yielded ground. The dollar's depreciation narrowed slightly to 9.1 per cent (9.2).

GOLD, fell \$1 in London, and in New York

Comex August settlement price closed \$2.60 down at \$200.00. Page 16

JAPAN will be forced to take

further economic policy measures if its expansion is to be maintained, says the latest annual OECD review of the Japanese economy. Back Page and Editorial Comment, Page 16

MARINE MIDLAND Bank

has pulled out of the three-year-old arrangement for the breaking up of the £200m property empire of Mr. William Stern. Back Page

PRICE COMMISSION

has vetoed the 8 per cent price rise sought by British Gypsum, the monopoly supplier of plasterboard and gypsum plaster to the construction industry. Price rises should be limited to 6.5 per cent and pegged until March next year. Page 6

CROSS-CHANNEL power link

between the UK and France costing £10m is to be built to enable the CEGE in use up to 1m tonnes more coal a year and to export coal-fired electricity to France. Energy Minister Mr. Anthony Wedgwood Benn, has announced. Back Page

NORTH SEA oil analysts

warned that the Government is in danger of damaging oil industry and banking confidence through its proposed measures to increase petroleum revenue taxation and impose tougher licence conditions. Pages 8 and 9

EXPERIMENTAL schemes

for clearing banks to small companies are to be discussed by the Government and financial institutions during the next two months, following publication of the NEDC's report on finance for industry. Back and Page 6

BANKRUPTCIES rose 16 per cent

between April and June this year, halting the recent downward trend in compulsory liquidations, according to the latest figures published by the Department of Trade. Page 6

COMPANIES

REED INTERNATIONAL pre-tax profits for the first quarter to June 30 advanced from £20.5m to £21.5m on sales of £397.5m (£394.5m). Page 20 and Lex

Action by telephone engineers 'could cost City millions'

BY NICK GARNETT, LABOUR STAFF

The City of London could lose millions of pounds worth of currency exchange business to foreign financial centres because of industrial action by Post Office telephone engineers.

This warning came last night from exchange and currency deposit brokers who said the effects of the action were becoming more serious.

At the same time, British companies dealing in overseas markets face serious delays on overseas telephone calls because of the engineers' decision to step up action yesterday at some of the country's international telephone switching centres.

These threats to business dealings emerged as recommendations drawn up by Lord McCarthy, the industrial relations expert, for solving the dispute over the union's claim for a 35-hour working week were sent to Mr. Eric Varley, Industry Secretary, the Post Office and the Post Office Engineering Union.

The recommendations centre on a two-stage reduction in the basic week worked by the engineers, although not down to the 35 hours claimed.

They also suggest possible ways of covering the cost of reduction by more flexible working.

Although Lord McCarthy's

Protest

Mr. Peter Clayton, chairman of the Foreign Exchange and Currency Deposit Brokers Association, has protested in writing to Sir William Barlow, Post Office chairman. Mr. Clayton said last night that the industrial action through all centres were being affected and the problem was likely to worsen.

Gunmen kill PLO chief in Paris office attack

BY ROBERT MAUTHNER

PARIS, August 3

TWO ARAB gunmen today killed Mr. Yasser Arafat, the chief executive of the Palestine Liberation Organisation in Paris, and one of his principal aides, in the second dramatic shooting incident at an Arab mission here in the last three days.

The assassination followed the expulsion from France yesterday of three Iraqi diplomats. They had fired on police during a gun battle in front of the Iraqi embassy, where a terrorist believed to be a Palestinian, had held eight people hostage before surrendering.

A police inspector was shot dead during the exchange of fire, and there were protests from the police at the fact that foreign diplomats were allowed to carry arms.

Today's shooting happened after two men entered the offices of the Arab League in the PLO, situated in the same building in the Boulevard Haussmann in the centre of Paris.

The two rushed to Mr. Kalak's office on the third floor of the building and shot him. They threw a number of grenades. The PLO representative was killed instantly, his body riddled with 18 bullets. His aide, whose legs were blown off, died later from wounds.

One of the gunmen tried to escape after shots with Arab League security men, but was killed. The other was injured.

The air strike was ordered by Mr. Menachem Begin, the Prime Minister. It was directed at a Palestinian base at Dahar al Tutah, 10 miles south of Sidon, which it was claimed, was a base used for training guerrillas intending to attack Israel. Page 3

Electricity Council \$500m loan

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

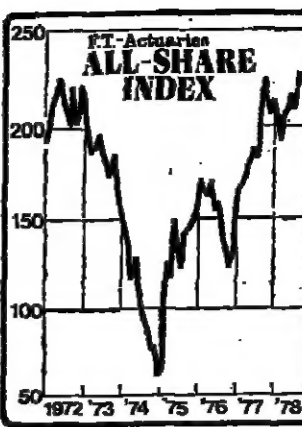
The Electricity Council has arranged to borrow \$500m in the peak year of 1981 has been cut from \$550m to just over \$480m.

Although maturities from 1964 onwards have been increased, there has still been a net reduction since last autumn of about \$100m in total overseas borrowings by the UK public sector.

The Treasury and the Bank of England are obviously keen to take advantage of the strength of sterling and the improvement of the current account of the balance of payments in order to restructure the debt.

No specific new borrowings are planned, although over the next year or two the UK is likely to try to arrange funding on the scale of the latest public-sector foreign-currency loan or the \$245m New York bond issue in the early summer.

Similarly, further early repayments of debts are probable. The result will be to reduce the lump of the debt repayment burden in the early 1980s. For recycling of a little of Japan's example, the total amount due surplus, in accordance with the



All-share index at peak level

BY MARGARET REID

STOCK MARKETS yesterday staged a fresh advance which carried the FT-Actuaries All-share index - the broadest measure of UK share price movements - to a new peak.

The index rose 1.62 (0.7 per cent.) to 228.34, topping its previous high of 228.15 on May 1, 1972 by 0.18. This means that share prices have increased, in money terms, by a little more than 128 per cent since the index was launched on April 10, 1962.

The FT 30-share index of leading industrial equities gained 4.6 but, at 499.3, ended just short of the psychologically important 500 level. This index is still 49.3 (about 9 per cent) below its all-time high of 549.2 reached on September 14 last year.

The recent buoyancy of British shares is in tune with trends throughout the world, where nearly all leading markets are now at or near 1975 peaks.

New York has shown particular strength lately and yesterday Wall Street recorded its biggest-ever turnover of 65.50m shares - 2m more than the previous peak reached on April 17 this year. In the first four days of this week, the Dow Jones Industrial Average has put on 30.58 to reach 886.87 - its best so far this year.

More active

Institutional investors in Britain, who had previously taken a more pessimistic view on the market's trend, have lately responded to the market's upturn by purchasing shares more actively, imparting a fresh boost to the rise.

First signs of an easing in British interest rates after their sharp upturn earlier this summer have had another boost, although hopes of a cut in the 10 per cent minimum lending rate were disappointed yesterday.

The improvement in living standards, the brisk rise in retail sales and the more subdued increase in industrial output have all helped nourish a better investment atmosphere.

The prospect of a general election in the not too distant future does not appear to have made a sharp impact so far.



Mr. DeLorean and Mr. Mason: State support of about \$45m.

U.S. car plant for Ulster

BY DAVID FREUD

A NEW U.S. car company is to set up a plant in West Belfast, one of the worst unemployment black spots in the UK.

DeLorean Motor of Detroit, whose chairman, Mr. John DeLorean is a former General Motors executive, plans to assemble a sports car of novel design at Twinbrook industrial estate, Dunmurry.

The project, announced in Belfast yesterday by Mr. Roy Mason, Northern Ireland Secretary, is expected to attract state support of about \$45m towards its overall cost of \$85m. The plant is forecast to employ 2,000 people within the next four years.

The state aid is divided between grants from the Ulster Department of Commerce and equity and loan capital supplied by the Northern Ireland Development Agency.

This brings the state contribution for each job created to a figure approaching £23,000 - well ahead of the contributions made towards other U.S. projects announced recently in the province. These have ranged from £10,000 to £17,000 per job.

The proposed plant will be some two miles south-west of Belfast, near the Roman Catholic housing estates which are believed to contain pockets of unemployment approaching a rate of 50 per cent. Mr. Mason described the announcement as a "tremendous breakthrough" for the Government.

Mr. DeLorean set up his company in 1975. It is staffed mainly by other ex-GM men. The new car, the DeLorean DMC-12, will be the first new American specialist sports car since the introduction of the Corvette 25 years ago.

The company said construction of the main 550,000 sq ft factory would start in the next two months, while a smaller government advance factory already on the site would be used for pilot production and training purposes.

Construction of the main plant would provide an initial 800 jobs, while there would be 600 manufacturing jobs from the last quarter of 1979 as initial production began. Mr. DeLorean said

he expected production in the first year to total 20,000 cars, increasing to 30,000 in the third year of production, by when 2,000 employees would be required.

Further product development would bring the number of jobs up to 3,400 by the end of the sixth year.

The car, which has a plastic body construction and outer surfaces of stainless steel, will retail at about £3,000.

About 85 per cent of the output is destined for the U.S. market and Mr. DeLorean said he has already obtained firm orders for 30,000 cars.

The extent of the Development Agency's holding in the Ulster manufacturing subsidiary, DeLorean Ltd., will not be revealed until details are lodged with the U.S. Securities and Exchange Commission.

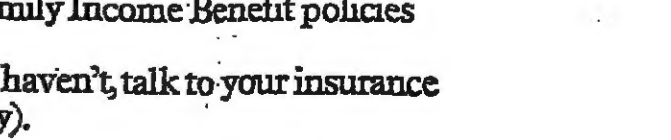
Difficult

However, the Department of Commerce has given the project a maximum 50 per cent grant. The £20m not supplied by the Government has been guaranteed to the car company through the speed with which the British Government was able to complete arrangements. Mr. DeLorean said that earlier negotiations with the authorities in the Irish Republic had broken down because of conditions they wanted him to comply with.

Terry Dodsworth adds: The project is being launched after a difficult period for the European specialist car producers which has seen most of them, including Ferrari, Maserati, Aston Martin and Lotus fall under the

Continued on Back Page

Ulster's unemployed, Page 16



The car to be built in Belfast.

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Continued on Back Page
Lex Back Page

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EUROPEAN NEWS

Swiss write off Third World loans

Switzerland has decided to write off \$150m of loans and interest to seven developing nations, according to a United Nations statement issued in Geneva, Reuter reports. The Swiss Government is converting the loans into grants to India, Pakistan, Bangladesh, Kenya, Nepal, Cameroon and Indonesia.

Meanwhile, government experts from rich and poor countries discussing the problems of the world's poorest nations in Geneva yesterday called for a world action programme throughout the 1980s to help them develop.

Belgium jobless rise

The number of Belgian unemployed entitled to social benefits rose 3 per cent last month to 272,743 from 264,678. Labour Ministry figures showed. AP-DJ reports from Brussels.

The rise was ascribed to layoffs of workers in temporary employment and non-recruitment of such workers during the summer holiday period.

More Turks killed

Four more people have died in continuing political violence in Turkey, according to the Turkish state radio. Reuter reports from Ankara. Deaths occurred in the towns of Malatya, Diyarbakir, Gaziantep and Nigde in south-eastern Turkey. More than 280 people have so far died in violence involving extremist political factions this year.

Russian quits ILO

A senior Soviet official of the International Labour Organisation has resigned without warning after 10 years service on ILO, spokesman told Reuter in Geneva. Mr. Gregori Nizgov is the second high-ranking Soviet official to quit the ILO suddenly in the past two months.

Trade curb attacked

Soviet President Leonid Brezhnev and Polish leader Edward Gierok yesterday denounced the U.S. for trying to use trade as an instrument of blackmail against Communist countries, according to Tass news agency. Reuter reports from Moscow.

At a meeting in the Crimea the two leaders said this policy would not help Washington, but could do considerable damage to international co-operation.

Spain plays active role in bid for Sahara solution

BY ROBERT GRAHAM

MADRID, August 3.

SPAIN IS taking an active part in complex negotiations whose aim is to find a peaceful solution to the future of the former Spanish Sahara. This includes support for a summit meeting on the conflict between the principal parties — Algeria, Mauritania, Morocco and the Algerian-backed Polisario liberation movement which claims to represent the people of the area.

The principal mediator in these negotiations is President Houphouët Boigny of the Ivory Coast. He has been holding talks in Paris with President Valéry Giscard d'Estaing trying to persuade the French away from hardline support for Morocco and its total opposition to the Polisario, and a senior Ivory Coast official has this week been in Madrid sounding out the Spanish Government. Spain has so far sided with Morocco and the Polisario to recognise the Morocco alone has remained silent on the reconciliation moves.

Observers in Madrid believe there is a chance of all sides seriously negotiating a settlement.

This view is based on three main factors. Most important is the recent change of regime in Mauritania which has produced a leadership that actively wants to end the Polisario guerrilla war.

Secondly, France and Algeria have begun to adopt a more conciliatory tone towards each other. Improved Franco-Algerian relations are an essential prerequisite given France's strong military support for Mauritania and Morocco.

Finally, Spain has in the past two months sought to patch up its relations with Algeria, and now appears more confident in the wake of the Organisation of African Unity summit's rejection of Algerian-backed moves to raise the issue of the liberation of the Canaries.

Italian trade balance improves

BY PAUL BETTS

Rome, August 3.

THERE HAS been a sharp improvement in Italy's trade balance during the first half of this year, according to figures released here today by the national statistics bureau, Istat.

In the first six months of the year, the trade deficit totalled L177bn (about £110m) compared with L88bn during the same period last year.

For the second time this year, the monthly trade account recorded a surplus in June, rising to L506bn. In April Italy had a L11bn surplus.

Imports during the first half of this year increased by only 0.7 per cent over the same period last year reflecting the general lack of momentum in the economy. However, there are now signs that the recession is bottoming out.

Exports, on the other hand, increased by 11.9 per cent in the first half compared with the first six months of 1977. The main burdens on the balance of trade account again were oil and agricultural products.

Meanwhile, Sig. Giulio Andreotti, the Prime Minister, said a 12-hour strike by airport and airline workers disrupted flights to and from Rome yesterday, Reuter reports. The national airline Alitalia was forced to cancel all local services. The strike was called in protest at delays in talks on days off to make up for public holidays abolished last year.

So far, the late tonight with representatives of the main political parties supporting the minority Christian Democrat administration to present the outline of his government's 1979 budget and three-year economic plan. The basic concept of the economic programme is a reduction in the public sector borrowing requirement and increased growth to promote new jobs.

Sig. Andreotti is seeking to win all party support tonight for the programme which is expected to be the subject of a further all party meeting early in September.

Meanwhile, Italy's interministerial economic planning committee today approved a recovery plan for Italy's ailing shipbuilding and repair industry. The plan involves an injection of some L300bn into the sector over the next five years, a 10 per cent cutback from current production levels, and some 3,000 layoffs.

The proposals, which should be presented in parliament before the end of the summer, come at the same time as Italy's State-owned shipbuilding and repair group, Fincantieri, announced losses of L33bn in the financial year to April 1978.

Reporter to pay USSR fine

By David Satter

MOSCOW, August 3.

ONE OF THE TWO U.S. correspondents convicted of slander by a Soviet court in connection with an article he wrote about a Georgian dissident said today he would agree to pay an official fine resulting from his refusal to publish a retraction.

Mr. Craig Whitney, a Moscow correspondent of the New York Times, said he would pay the 50 roubles (\$38.50) fine set today by Judge Lev Alimov as well as L145 roubles (\$881) in court costs in order to dispose of the unprecedented civil suit brought against him and Mr. Hal Piper, of the Baltimore Sun, by the Soviet State Committee for Radio and Television.

Mr. Piper was also fined 50 roubles today but was in the United States on holiday. A Soviet legal source, however, said the Baltimore Sun was planning to pay the fine and L144 roubles in court costs.

The court costs were imposed at the two men's slander trial on July 18 along with an order to publish retractions in their own newspapers or the Soviet Press. Neither Mr. Whitney nor Mr. Piper attended the trial.

The correspondents refused to publish retractions of stories suggesting that the public recantation of Mr. Zviad Gamsakhurdia (the Georgian dissident) had been fabricated and Mr. Whitney said he hoped this refusal would discourage similar slander suits against other correspondents.

Reuter adds from Moscow: The family of the jailed Jewish dissident, Mr. Anatoly Shekharansky, has voiced doubts about reports from the West that he will soon be freed in a major East-West prisoner exchange. His elder brother, Leonid, just back from a prison meeting with Mr. Shekharansky, said he did not believe in such rumours although he would be happy if they were correct.

Bonn expects GNP will rise extra 1% next year

BY ADRIAN DICKS

BONN, August 3.

THE WEST GERMAN Government expects an additional 1 per cent increase in gross national product next year as the result of its DM 12.25bn stimulatory package. This would result in a 1979 growth performance of 3.4 per cent, according to Dr. Otto Schlecht, State Secretary at the Economics Ministry.

He said it was a coincidence that the package should—according to the ministry's forecasters—have a multiplier effect of 1 per cent growth next year, from the injection of 1 per cent of the current year's estimated gross national product. Some foreign observers, including officials who accompanied President Carter here last month, had hoped for a higher multiplier from the proposed West German tax cut package.

Meanwhile, three major indicators appearing today underline the lingering uncertainties about the strength of the economy. The July unemployment figures, which had been expected to be slightly better than in June, in fact showed a rise of 45,000 taking the percentage rate from 3.9 to 4.1 per cent.

New orders to industry in June showed a small rise: 0.5 per cent overall. Domestic new orders have been expected to exceed 2.3 since showed a firmer trend than again.

Those from foreign customers. A best that Bonn can hope for during the current year, and Dr. Schlecht stressed that even to achieve a 2.5 per cent increase in the real GNP for 1978 as a whole, there would have to be a considerable acceleration to 3.5 per cent at an annual rate in the second half.

Once again, Bonn is making clear that its own performance is highly conditional on those of its partners. The preliminary projections for 1979 assume a rise in world trade of 4.5 per cent, and Dr. Schlecht stressed that in addition to the efforts promised by participants at the Bonn summit, the attitudes of smaller countries such as Belgium, Holland and the Scandinavians would be crucial for West Germany's export dependent economy.

Defending the proposed package, which has met with a lukewarm domestic reaction, the State Secretary argued that it ought to act as a moderating influence on 1979 wage settlements.

Against this background, the Federal Labour Office has published, with the July unemployment figures, an analysis of the West German labour market showing that there remain extensive shortages of skilled men in several major industries.

WEST GERMAN ENERGY SAVING

Insulation and inflation

BY ELGIN SCHROEDER IN BONN



THE TENANTS of a four-storey house in East Godesberg, a residential area of Bonn, angrily grabbed the telephone to call each other the other day when they received a circular letter from their landlord. After raising rents twice in two years, the major Cologne-based insurance company—which invests heavily in real estate like many German insurance companies—was now asking them to foot the bill for installing energy-saving double glazing in their building.

Tenants were informed that such a measure would cost nearly DM 250,000 (£63,000), 25 per cent of which would be paid by federal German Government subsidy. The tenants would have to pay the rest, raising their annual rent bill by up to 11 per cent.

This would mean a monthly increase of their rents of around DM 30 for a one-room apartment (which at nearly DM 400 (£101) already matches prices in highly expensive cities such as Hamburg, Munich or Frankfurt) or around DM 60 for a two-room flat costing at present DM 600 (£152), also a high price for Bonn.

So far "hassle-bayen," the Swiss dream of building a small house leaves little to spare for the other good things of life. It seems that the Swabians of Baden-Wuerttemberg, known for their thriftiness, have less trouble doing without than the rest of their compatriots. That state has the largest amount of property per head of population and the greatest number of building contracts as well as the largest building society in the country.

However, the average West German is a tenant whose rent has gone up by 47.8 per cent between 1970 and 1977, with further rent increases already scheduled. When a new rent law was passed in 1975, substantially reducing the advantages of the landlord over the tenant, house-owners protested that this abolished incentives for developers to build homes for rent.

By introducing the idea of the "locally customary comparable rent" or rent paid for flats comparable from the point of view of location, size and comforts offered, the legislators tried to curb some landlords' desires by permitting rent increases only one year after the last increase if similar flats had become more expensive. This has to be proved to the tenants by an independent expert. The landlord can also charge the tenants with 11 per cent a year of the cost for improving the quality of the house or flat by modernisation. Tenants' need for secure housing is protected by the provision that house-owners can give notice only if they are going to use the place themselves, and not merely when they have found somebody willing to pay more rent.

This sounds as if West German tenants' rights are well safeguarded. But according to the spokesman of the federal Federation of Tenants, Landlords and especially the big insurance or construction companies—often use psychological pressure. They demand quick decisions on modernisation measures and rent increases, hinting at law suits, if tenants will not give in quietly. Many tenants, uncertain of their rights, simply pay up.

The households on, however, decided to show a united front to the insurance company. For the first time they called a meeting of tenants and discussed the new policy of rent contracts offered that some had successfully refused to pay the last rent increase and that all were unwilling to pay higher rents for the installation

of energy saving windows in a building that he was sure to its outside walls to ensure airing of the inner apartments' kitchens. But to the tenants, heat regulating thermostat valves on radiators seemed to be a much more necessary energy saving improvement, which would not cost a lot to install.

The tenants do not expect that their veto will stop the insurance companies' interest for ever, but hope it will at least block the next rent increase and force the company to consider simpler or cheaper ways of saving energy—even if they are not subsidised by the Government or do not help raise the level of rents in the area.

What had hit the tenants of Matthias - Gruenewald - Strasse were the effects of the energy-saving law which the Bundesrat had passed at the end of June. Under the new legislation, insulation of windows, roofs, cellar ceilings and outside walls of houses built before January 1 of this year will be supported over the next four years to the tune of DM 4.45bn. House or flat owners can elect to receive either a quarter of their costs back or claim tax rebates.

Further, investment in expensive modern heating techniques, such as solar heaters on roofs, heating systems based on drawing warmth from the soil or will be subsidised without restriction under the programme.

When Herr Dieter Haack the Housing Minister presented the new measures, he explained that there was a practical way to fulfil some of the promises made at the Bonn summit regarding energy saving. He also assured the construction industry that new jobs would result from the programme and that this would not be the last boost to the industry as the State would continue to subsidise modernisation of towns and buildings.

While the Minister cautioned the industry against raising building prices which had already risen enormously last year (by about 10 per cent) he failed to give landlords a similar warning on rents.

Only 41 per cent of all West German households are owner-occupied, this is way below the Italian figure of 53 per cent, Britain with 58 per cent, Denmark 55 per cent and Belgium with a high 61 per cent. Despite various Government-sponsored schemes which favour building society savings and tax rebates for mortgages, high property prices plus the fact that tenants are seldom given the option to buy the flats they live in, have kept the number of property owners down.

Recent reports show a substantial rise in the demand for owner-occupied housing in the first half of 1978. The demand is strongest for one and two family houses.

Eanes in new talks with parties

BY JIMMY BURNS

LISBON, August 3.

PRESIDENT Antonio Ramalho Eanes was due tonight to meet political leaders for the third time in a row, in what is believed to be the first definite step towards forming a Presidential-backed government of "personalities" that would have majority support in the National Assembly.

This solution of a political crisis is believed to have gained considerable support among both Socialists and Christian Democrats, who have made clear that they alone cannot patch up their differences.

In his speech to the nation on Thursday, President Eanes suggested two alternatives to early elections as a means of solving the impasse. The political parties should either agree among themselves to a restructured alliance, or a government should be formed of "personalities" of recognised political and technical competence around a Prime Minister appointed by the President. This government would be able to remain in office until the next general elections are due in October, 1980.

Socialists and Christian Democrats have privately indicated that the latter alternative would be acceptable as long as it included a number of ministers picked from their respective parties.

European Court staff plea

BY GUY DE JONQUIERES

BRUSSELS, August 3.

THE EUROPEAN COURT of Justice, the ultimate interpreter of EEC law, has asked its mantle of Olympian detachment to enter a fervent plea for more staff and better working conditions.

The President of the Court, Dr. Hans Kutscher, has written to the European Commission and the German Presidency of the Council of Ministers warning that the work load on him and his fellow judges is in danger of growing to unmanageable proportions.

He points out that the number of cases brought has grown from 19 in 1967, the first year of the court's existence, to 164 last year and reached 157 during the first six months of this year alone.

He proposed that the number of judges should be increased as soon as possible to 12 from nine at present—one from each member country—while the number of Advocates-General or Public Prosecutors should be enlarged from four to six.

New issue August 4, 1978

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT Washington, D. C.

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مكتبة جامعة القاهرة

Japan unlikely to alter trade surplus pattern

BY DAVID CURRY

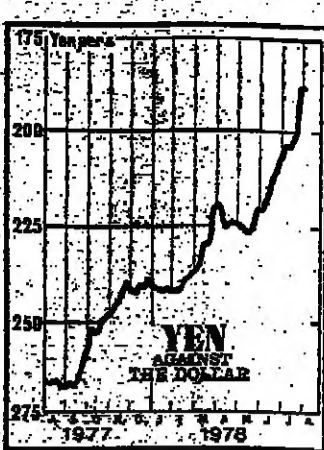
PARIS, August 3.

THERE IS little chance in coming years that the pattern of Japanese trade will change so as to overcome its persistent surpluses with other industrial countries and deficits with primary producers. This is a conclusion of a study of long-term trends contained in the latest OECD report on Japan.

While the appreciation of the yen should reduce the price competitiveness of Japanese goods on overseas markets, the OECD argues that this same appreciation will moderate domestic price movements. Consequently, the impact on future export growth may not be as important as suggested by the magnitude of the exchange rate movement in the report states.

The report expects that imports of manufactured goods may well accelerate because of lower import prices and because foreign exporters may make greater efforts to get into the Japanese market. However, here again it thinks there will be a contrary trend in the shape of a slow-down in imports of raw materials and intermediate goods as a result of slower growth in GNP in the medium term and the decline in the elasticity of materials imports with respect to production.

It notes that any reversal of the movement of the terms of trade in favour of manufactured goods would hurt Japan's current balance and suggests that there is substantial scope for increasing long-term capital outflows. On the invisibles front, the report expects a continued Japanese deficit—the current deficit in this area reached \$6.4bn last year. The main factors are identified as the deterioration in the transport business linked to the expansion of trade and the shift from Japanese to chartered



foreign vessels to take advantage of the lower wages on non-Japanese ships. It notes a rising trend of miscellaneous payments and steadily increasing amounts being spent overseas by Japanese tourists.

The report studies the expansion of Japanese exports since 1960. It notes that the annual expansion in dollar terms in 1960 to 1965 was 16 per cent and that this had increased to 24 per cent in the first half of this decade before slipping to 20 per cent in the past couple of years. In

volume, the reverse trend is noted, with a decline of 20 per cent in the first half of the 1960s to 15 per cent in the second and 10 per cent over 1970 to 1975.

Japan has also steadily gained in market share—from 5.4 per cent in 1965 to 7.4 per cent in 1970, though there has been some recent stagnation and loss of market share in particular countries.

A further factor highlighted by the study is the high level of elasticity of Japanese exports to world trade in the period since 1960—put at 1.9 per cent. This is attributed to the rapid change in the structure of exports from light industry, notably textiles, to iron and steel and chemicals and more recently to motor vehicles. This has reflected the change from labour to capital and now to technologically intensive industry.

Any recent decline in price elasticity is thought to reflect the growing importance in non-price factors like quality, delivery and after-sales service. In dollar terms imports also grew at a rapid annual rate for an average of 12.3 per cent in the first half of the '60s to 17.2 per cent in the second.

EXPORT STRUCTURE BY COMMODITY PERCENTAGE SHARE IN DOLLAR TERMS

	Textiles	Chemicals	Iron & Steel
1960	20.1	4.5	9.6
1965	18.7	6.5	15.3
1970	12.5	6.4	14.7
1975	4.7	7.0	16.3
1977	5.5	6.3	13.1
	Machinery	TV sets	Automobiles
1960	25.5	0.0	2.0
1965	35.2	1.0	2.8
1970	46.3	2.0	6.9
1975	53.8	1.4	10.7
1977	51.8	1.7	14.4

\$17m for drug damage awarded

TOKYO, August 3.

A COURT today ordered the firms—Ciba-Geigy (Japan), a sub-Japanese Government and three subsidiary of the chemical drug companies to pay damages from Ciba-Geigy Chemicals Chemical totalling ¥2,250m (\$17m) to 119 industries and Sanyaku—a victims of a nervous disease and have two weeks to lodge an appeal.

District Court Judge Taniuchi said the case was brought by the 133 Geigy (Japan) and Takeda reached an out-of-court settlement with 35 patients to pay them damages totalling ¥880m (\$4.8m). Under the settlement, each plaintiff would receive ¥2,000 and defendants to pay damages of ¥240m (\$1.8m) to 18 people. An appeal has been lodged.

In Japan by 4,500 patients claiming to have contracted the disease and relatives. The State and the three companies are defendants in each action.

Last October, the State, Ciba-Geigy (Japan) and Takeda reached an out-of-court settlement with 35 patients to pay them damages totalling ¥880m (\$4.8m).

Under the settlement, each plaintiff would receive ¥2,000 and defendants to pay damages of ¥240m (\$1.8m) to 18 people. An appeal has been lodged.

Consortium turns down Pakistan aid appeal

ISLAMABAD, August 3.

AN international aid consortium has turned down Pakistan's appeal for 2m tonnes of wheat and has asked for a better explanation for its poor harvest.

The sources said the 11-member "aid to Pakistan" consortium was dissatisfied with Pakistan's explanations that it had failed to meet production targets because of a reduced growing area and bad weather.

The World Bank-led consortium, which met in Islamabad last week, also demanded details of Pakistan's plans to meet next year's target of 9.5m tonnes, the sources said.

The consortium called off plans to meet in Washington next Thursday, they added. Pakistan circulated a memorandum which was forecast a shortfall of 2.3m tonnes, of which 300,000 tonnes had been promised by the U.S.

"It would not be possible for Pakistan to import 2.3m tonnes out of its own cash foreign exchange resources without subjecting its already precarious balance of payments position to severe stresses and strains and without disrupting its development efforts," the memorandum said.

Reuter

Australian dispute hits telephones

SYDNEY, August 3.

AUSTRALIA'S communications dispute has worsened with more employees being sent home for refusing to do certain work because of disagreements over the computerisation of the country's telephone system.

The Federal Secretary of the Telecommunications Association said that he doubted whether the dispute could be settled by arbitration because of the complex issues involved in the introduction of new technology.

In the latest development, 35 Telecom employees in South Australia were temporarily relieved of their jobs without pay—until they are willing to return to do the work in question—bringing to about 450 the number of technicians sent home in four states.

The dispute, which began on Tuesday, is affecting telephone and telegraph operations as well as some radio and television services. Agencies

Israeli fighters bomb S. Lebanon

BY OUR FOREIGN STAFF

ISRAELI JET fighters pounded targets in Southern Lebanon yesterday in retaliation for a bomb blast in Tel Aviv which killed one person and wounded 46. In Beirut Palestinian officials claimed that the Israeli planes had pounded an empty command base south of Sidon and that there had been no guerrilla casualties.

Meanwhile, fighting continued in Beirut between Syrian troops and members of the right-wing militia who draw their support from Lebanon's Christian population. Both sides said they had sustained several casualties.

The fighting was discussed at a meeting between Lebanese President Elias Sarkis and Syrian Foreign Minister. In Washington, the House of Representatives has voted to cut economic aid to Syria because of attacks on Christian civilians in Lebanon by Syrian peace-keeping forces. But the aid cut is not final as the Senate has not yet acted on the Bills.

A State Department spokesman said that the U.S. condemned yesterday's bomb blast in Tel Aviv. There was no immediate U.S. reaction to

the Israeli retaliatory raid. Meanwhile Mr. Cyrus Vance, the Secretary of State, was due to leave today for the Middle East in the hope that peace contacts between Israel and Egypt can be restarted.

David Lennon in Tel Aviv adds: Israel has now joined Egypt in looking to Washington to find new ways of making progress in the deadlocked peace negotiations.

With President Sadat's firm refusal to hold further direct talks unless Israel agrees in advance to withdraw from occupied territories. The Government here believes that

only strong American intervention can break the impasse. Two weeks' ago, it had been expected that Mr. Vance would be coming to chair Israeli-Egyptian talks in Sinai. But Mr. Alfred Atherton, the roving U.S. ambassador, said in Jerusalem last night that the present expectation is that there will be no direct talks at present.

If it appears that a comprehensive settlement is no longer possible, Israel is prepared to try for a partial, bilateral settlement with Egypt.

THE SINO-VIETNAMESE CONFLICT

Old hatreds, new fears

BY HARVEY STOCKWIN IN HONG KONG

CHINA AND Vietnam are scheduled on August 8 to start discussing their differences at a high level. At the very best, diplomatic observers have not been expecting the talks to be very productive.

On August 1 an incident on the Sino-Vietnamese border produced new support for this pessimism. According to the Chinese, 3,500 Vietnamese Chinese were driven across the border when Vietnamese border guards opened fire according to the Vietnamese. China's agents investigated the refugees problem in order to create an incident.

The incident merely extends the pattern of the last few months of belittling Sino-Vietnamese acrimony. It is still assumed that Vietnam and China will stop short of open warfare, but even that is not certain, as the Sino-Vietnamese split escalates as an extension of the Sino-Soviet cold war, and the ongoing border war between Vietnam and Cambodia.

Sino-Vietnamese antagonism is, of course, one of Asia's oldest conflicts. China has traditionally found Vietnam a troublesome neighbour, while the Vietnamese have traditionally struggled to defend their identity and independence from the giant to the north. During the 1950s and 1960s the United States assumed Sino-Vietnamese communist solidarity, but even the huge American involvement in the Vietnam War never entirely submerged the two countries' antipathy.

The recent deterioration of relations began as the Vietnam-Cambodian border war flared up late last year. China, as Cambodia's only ally, took the Cambodian side with enthusiasm, assisting Hanoi in seeking to impose its will over Indochina.

Vietnamese irritation with Chinese support for Cambodia once resented Russia doing to China. The issue of the Vietnamese Chinese and the aid cut-off have greatly escalated the bitterness of mutual recriminations.

What lies behind all the acrimony and antagonism? From China's viewpoint, Vietnam's main sin has been its ever-closer relations with the Soviet Union,

which have now earned Vietnam the title of being "Asia's Cuba" in Chinese eyes.

No sooner had the Vietnam war ended than Peking officials started worrying about possible Russian use of ex-American military bases in Vietnam.

Other Chinese motives would appear to be a desire to show concern for the overseas Chinese at a time when Peking seeks to divert Vietnamese pressure away from Cambodia.

One reason for Vietnamese hostility to China is undoubtedly that it regards Indochina as its special sphere of influence, and finds the Cambodian communists exceptionally irritating. From the Vietnamese point of view, the Vietnamese Chinese minority is not behaving with all too hypocritical, since Vietnam was typical south-east Asian in its only adopting the measures that

China has also found ideologically necessary, and China had said nothing at all about the persecution of Cambodian Chinese.

The Vietnamese, by the first quarter of this year, were faced with a situation in which the Vietnamese Chinese were nearly responsible for the success of a growing black market, not merely in South, but also in North Vietnam—a market which had cornered the bulk of the rice supply.

But the crackdown creates further dislocation when the Vietnamese economy is already in poor shape. Substantial aid is needed rapidly—particularly to ease the grain shortage—as well as a degree of protection from the assertive giant to the north. Aid is not going to be quickly forthcoming from the U.S., which leaves Vietnam with no choice but to get aid and support from the Soviet bloc, and join

Cosineon—thereby promoting the very fears that already inspire China's policy.

So the net effect of the Sino-Vietnamese imbroglio is that fears become realities. China fears Russian encirclement—but seems to be acting in such a way as to enhance rather than diminish that prospect. Vietnam fears Chinese assertiveness, but is pursuing a course which is scarcely calculated to secure Chinese passivity. Cambodia fears national and ethnic extinction at the hands of the Vietnamese, and is acting in such a way as to enhance that fear.

Vietnam was faced with over-influence, and finds the Cambodian communists exceptionally irritating. From the Vietnamese point of view, the Vietnamese Chinese minority is not behaving with all too hypocritical, since Vietnam was typical south-east Asian in its only adopting the measures that

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Not just a car that gave the driver control in the most difficult situations, but a car superbly engineered to help protect the driver against other vehicles less suitably designed.

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More attention to comfort & safety

Front wheel drive gives you unparalleled control in the worst conditions and our braking system is diagonally split so you'll always stop safely in a straight line—even with a front tyre burst.

Our headlamps have built-in wash wipers mechanisms as standard.

And our demisting system covers front, rear and even the front side windows. After all we believe there is little point in having a lot of glass unless you can see through it.

Inertia safety belts come as standard and on some Saabs you'll even find individual seat belts for the three rear passengers.

Because we thought you might care as much for those in the back as for those in front.

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Our safety bumper is one of the few that really deserves the name.

Next time you visit a Saab showroom, jump up and down on them—hard as you like. Try that in a competitor's showroom.

By chance, you do make contact with something solid, you'll be reassured that at up to 5 mph impact they simply flex back into shape.

Shock a little harder and for a few pounds you simply replace only the damaged section.

A real plus is the fact that both front and rear bumpers actually wrap around the sides as well. Extending our unique safety features all round.



The Saab seat has an integrated headrest/restraint, and the driver's seat is heated.

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Safety of course is not much use if your car suffers from high repair bills and nagging problems.

Today it's become fashionable to show such problems as minimal.

We believe they should be non-existent.

Ahead of the field in many ways, we're proud to refer to a 1976 report in Motor magazine that said, "We chose a Saab as a best buy for at least one very good reason: reliability. We ran a 99 as a staff car for over a year, covering some 20,000 miles, and in that time literally nothing went wrong—it was the least troublesome car Motor had ever had on the fleet."

Open up the bonnet of a Saab and you'll probably understand why.

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If all this mention of safety, reliability and quality makes you think Saabs are stodgy, then we've a dignified surprise—especially if you own a Jag, Merc or BMW.

Of our new Saab Turbo, Motor magazine wrote—"If the maximum speed of nearly 120 mph isn't impressive enough, then you need to look no further than the remarkable top gear acceleration to put the Turbo in perspective, between 40 and 100 mph the Saab accelerates faster in this gear than just about any four-

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The Saab Turbo has indeed achieved universal press acclaim.

Individually, all these features are just common sense. Together they're unique—but then—as over 70% of SAAB owners buy another SAAB—that's the way we'd like to keep it.

Once again, we have led the field.



The exhaust gases drive the turbine (1) which in turn increases the pressure (2) through the compressor (3). The unique valve (4) ensures that the charging pressure will be maintained at the required level throughout the speed and load range.

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A range to suit every need



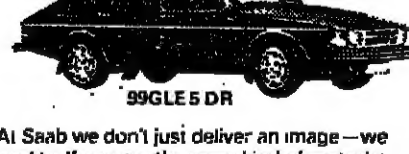
99GL 2 DR



EMS 3 DR



99GL 4 DR



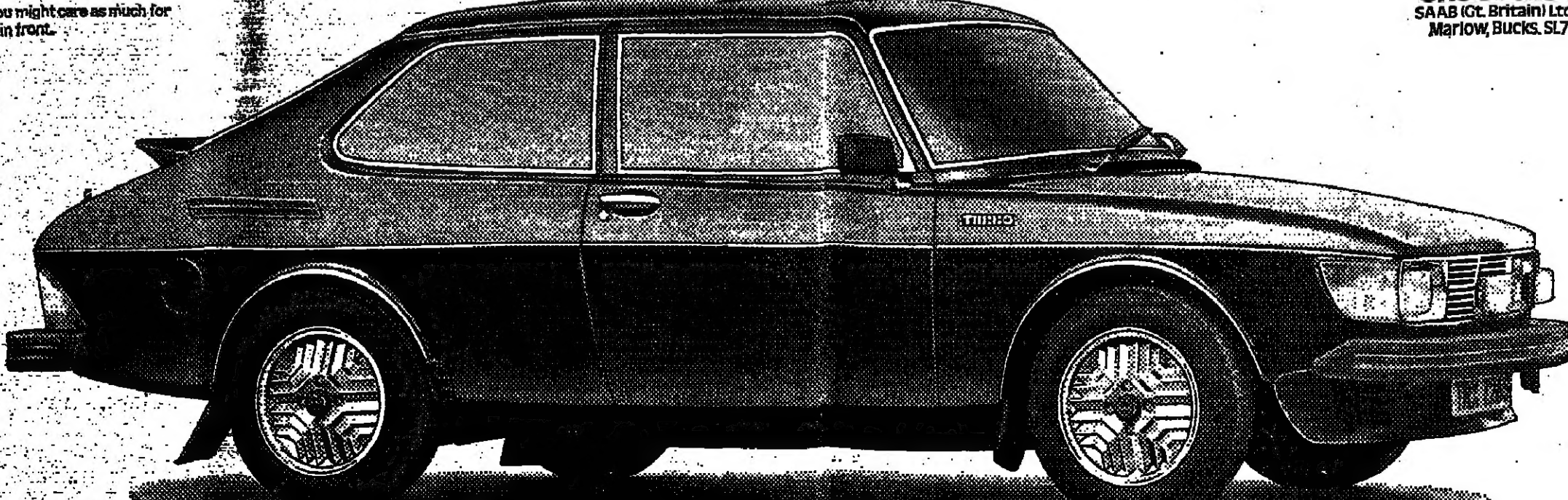
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The Saab Turbo

WORLD TRADE NEWS

Wider steel import duty likely soon

By John Lloyd

IMPORTS OF iron and steel products could be under increased surveillance today in a move which is likely to increase the imposition of import duties on a number of products not yet covered by the Davignon Plan.

The Davignon Plan, which was introduced last year in an attempt to ameliorate the crisis in the European steel industry by cutting down on foreign imports, was a rolling out, under which products could be gradually brought under its scope as it became clear that they should be protected.

It has been felt for some months that a wide range of steel products, both basic and semi-finished, should be brought into the plan because of increasing competition from cheaper imports.

In a recent interview, Mr. Jacques Ferry, president of the European Steel Association, said that the operation of the Davignon Plan had increased pressure on steel products which were outside of it.

A long list of steel products will be surveyed by the Department of Trade, including mild steels, high carbon steel, special carbon steel, alloy steel and stainless steel.

Besides this, those exporting steel to European Community member countries will be required to state the price of the steel after receiving domestic rebates on it.

All the major steel producing countries have now been brought within the scope of the plan, and it seems inevitable that the range of duties will increase.

Call for UK tyre quotas

By Terry Dodsworth

A new demand for restrictive measures against tyre imports to the UK was made yesterday by the Rubber Processing Sector Working Party in a letter to Mr. Edmund Dell, the Trade Secretary, asking for the imposition of agreed quotas.

The letter follows a move by the British Rubber Manufacturers' Association to prepare an anti-dumping case against East European tyres. This is due to be presented to the EEC.

In the letter, however, the Working Party argues that the anti-dumping mechanism has been "inappropriate and totally ineffective". It wants the imposition of quotas on "disruptive" tyre imports at a "level" which is agreed by the EEC.

The Working Party, under the chairmanship of Mr. John Collins, the representative and industrial relations director of the National Economic Development Office, goes on to express the "grave concern" of both management and unions about tariff reductions under the Tokyo Round in an industry where one in five jobs have been lost in the past four years.

Import penetration of the replacement market for car tyres rose to 38 per cent in 1977 compared with 31 per cent in 1976 and it is felt that the proposed tariff reductions will further boost imports from the COMECON countries, Japan and the fringe European producers such as Spain.

It stresses that the Export presented by the Working Party to the NEDC in February came to a consensus agreement on the relative inefficiency of the UK tyre industry compared with major competitors in Europe. There was a commitment by both management and trade unions to tackle this problem head on.

Japanese businessmen urge abandoning some exports

BY ROBERT WOOD

A BUSINESSMEN'S group today urged that Japan reduce or abandon exports of 18 types of goods in its efforts to improve its industrial structure and correct its trade surplus.

The group, the Industrial Planning Council, is chaired by Mr. Takeshi Sakurada, a textile executive who also heads the Japan Federation of Employers' Organisations, a group dealing with labour problems. Mr. Sakurada has long advocated export controls.

The Council classified 103 leading industries into four categories, ranging from 27 whose export growth is highly desirable to 18 which should be phased out. The classification was largely on the basis of whether the industries were the high-value-added, low-energy-consuming, industries which are deemed appropriate now that for the first time since the 19th Century, Japan can be completely free from the need of the export of raw materials.

Steel, chemicals, building materials, and products of small-scale manufacturing industries were prominent among the products whose export the group urged to be reduced.

Among the 18 items whose export the group urged to be reduced were: polyethylene, large and small shape steel, gal-

vanised steel sheetings, aluminium goods, steel nails, bolts, and nuts, home sewing machines, motorcycles, industrial photographic supplies, musical instruments, toys, and fishing and recreational equipment.

There were 40 items whose export was "more-or-less desirable" including: synthetic textiles, acoustic equipment, watches, electrical equipment, passenger cars, railway rolling stock, automotive engines, electrical devices, stereo and radio sets, televisions, electric wires and cables, valves, bearings, industrial sewing machines, internal combustion engines for land use, turbines, boilers, pumps, piping joints, bar steel, special steel, chainware, and rubber tyres.

Among 27 items whose export growth was considered highly desirable were: internal combustion engines for ships, electronic desk calculators, electronic data processing machinery, spinning machinery, construction machinery, electric generators, pumps, dryers, cranes, telephone switching equipment, civilian band transceivers, buses, two remoulded ships, seamless steel oilfield piping, tugs, dredgers, photographic-magnetic handling equipment, surveying equipment, and medical equipment.

The report called for the development of new industries based on solar or recycled energy, the export of related products, and the development of domestic coal reserves.

The 18 exports which the report recommended phasing out included: steel, plywood, steel long-bar steel, steel plates, steel hoops, wire rods, transformers, condensers, bicycles, mosaic tiles, synthetic rubber, canned salmon, canned tuna, and canned mackerel.

Among 18 items whose export the group urged to be reduced were: polyethylene, large and small shape steel, gal-

TOKYO, August 3.

Britain for U.S. talks on Arab boycott

By Maurice Samuelson

TWO BRITISH Department of Trade officials will hold talks in Washington next week over extra-territorial aspects of U.S. legislation on the Arab Boycott. The Government fears that if the U.S. regulations are applied to U.S. subsidiaries in Britain, it could harm Britain's trade with the Arab world.

The Central Arab Boycott Office in Damascus is hostile to the anti-boycott legislation, which requires companies to deny the boycott and to report receipt of all boycott questionnaires.

The two officials, the head of the Department of Trade's U.S. desk and a legal expert, will meet Commerce and State Department officials next Tuesday.

The period for which textile surveillance licences will be valid is being increased from the present two months to three months; small consignments of textiles on surveillance are to be admitted through Customs without an individual licence; and detailed information about the fibre content of goods will no longer be required for all but four tariff headings.

The Saudi Arabian Fertiliser Company (SAFCO) has awarded a contract valued at approximately \$50m to Sim-Chem (a Singapore-based engineering company) for the turn-key supply of a 100,000-tonnes/year sulphuric acid plant at Dammam due to go on stream in the first quarter of 1980. In addition Sim-Chem will provide acid storage tanks and detailed facilities at the nearby port as well as the technology for the plant. Hyundai International, as sub-contractor, will carry out all the local civil and construction work under the supervision of Sim-Chem engineers.

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Imported car sales up again

TOKYO, August 3.

JAPANESE SALES of imported vehicles rose 7.4 per cent in July to 588,000 units, up from 550,000 in June and were up 15.7 per cent from 4,198 in July last year, the Japan Automobile Importers Association announced here.

The July sales brought the total imported vehicles in the first seven months of this year to 29,136, up 10 per cent from 26,083 in the same period, 1977.

The rise in imported vehicle sales follows the cancellation of vehicle import tax last March and the yen's appreciation to 236 yen to the dollar.

Meanwhile, total motor vehicle registrations in July were 113,117 units, up 18.6 per cent for the same month last year. July marked the third month in a row of double digit increases, following a 15 per cent rise in June.

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Motorbike prices too low

WASHINGTON, August 3.

THE U.S. TREASURY says it has found motorcycles from Japan are being sold in the U.S. at less than fair value, clearing the way for possible duties.

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India plans fleet expansion

By K. K. Sharma

NEW DELHI, August 3. AIR INDIA, the country's international airline, and Indian Airlines, which operates mostly domestic routes, are planning a big expansion in their fleets in the next few years. Air India wants to add 12 wide-bodied passenger jets to its existing six Boeing 747s while Indian Airlines plans to acquire at least two more Airbus and five more Boeing 737s.

Proposals still have to be approved by the Planning Commission which has already cut outlays for Air India by about 40 per cent. The Commission is presently scrutinising the international airline's proposals to order immediately another three Boeing 747s. But Air India is not committed to this aircraft alone and is evaluating other planes like the DC10 Airbus, Lockheed TriStar and the Boeing 747SP.

The proposed diversification of aircraft is based on the belief that Air India should branch out into new routes in Asia, especially South-East Asia and the Far East, rather than concentrate on the European and transatlantic routes as it is doing at present. These new routes would be operated by medium haul jets.

Indian Airlines' expansion plans will give it a fleet of seven Airbus and 20 Boeing 737s, the latter to replace the existing unprofitable turboprops.

The two airlines are run independently but have a common chairman, Air Chief Marshal P. C. Lal, who is trying to co-ordinate their operations. His plans for expanding both fleets and routes has, however, run into opposition from those who feel the country does not have sufficient resources to invest in what they consider to be a luxury sector.

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U.S. bars Saab fighter sales

By John Walker

STOCKHOLM, August 3.

MR. STAFFAN BURENSTAM LINDER, the Swedish Minister of Trade, got a firm No from Mr. Cyrus Vance, the U.S. Minister for Foreign Affairs, for an export licence to sell the Saab Viggen fighter aircraft to India.

The U.S. has the power to veto such proposals in cases like this, where the engine of the Viggen is a Pratt and Whitney design. There are also other U.S. components in the aircraft.

It is now reported that the deal for selling the Viggen to India, which would have secured the jobs of about 500 to 600 men. Also some of the engines would have been built under licence in India. Reports suggest that Mr. Vance rejected the request because of what was called American determination to avoid fuelling an arms race between India and Pakistan.

Last year the U.S. Government turned down an application for 100 American jet fighters for Pakistan. The Swedish minister said it is necessary to export Swedish arms to maintain its arms industry. This in turn is crucial to maintaining Sweden's policy of neutrality. Reports indicate that India may be looking at British and French aircraft instead.

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Johannesburg

ACC

Anglo American Coal Corporation Limited

(Incorporated in the Republic of South Africa)

INTERIM REPORT</

HOME NEWS

Bankruptcy figures increase by 16%

FINANCIAL TIMES REPORTER

A NEAR 16 per cent rise in compulsory liquidations between April and June this year has meant that the overall downward trend in recent quarters in personal and business failures has been halted, according to figures published yesterday by the Department of Trade.

On a seasonally adjusted basis, total company liquidations, which had fallen for three quarters, rose to about 1,360 in the second quarter of 1978, compared with 1,130 in the previous quarter. The rise, says the Department, was more than accounted for by a rise in compulsory liquidations from 510 to 588.

The overall picture is more encouraging when the second quarter of 1978 is compared with that of 1977. Total company liquidations of 1,360 represent a fall of 10 per cent, of that figure compulsory liquidations of 588 are only 1.7 per cent higher, while creditors' voluntary liquidations of 770 are over 17 per cent lower.

The figures for receiving orders — including administration orders and deeds of arrangement — also showed an increase on the previous quarter of 11.5 per cent. They rose from 860 to 1,050. This rise substantially offsets the 14 per cent fall over the previous two quarters. Year on year the overall fall has been cut back to 3 per cent.

The previous fall in receiving orders was caused by the increase in monetary limits in bankruptcy proceedings and in deposits on bankruptcy petitions which came into effect in December 1976. These raised the minimum debt to support a creditor's petition from £50 to £200.

Of the total receiving orders administered in the first quarter of the year — some 892 — the self-employed accounted for 74 per cent, compared with 64.5 per cent a year earlier. The largest change over the period was in construction, in which the percentage rose from 20 per cent to 25 per cent between the first and second quarters of 1977, falling to 22 per cent in the third quarter of 1977 and 21.5 per cent in the first quarter of 1978.

Among companies wound up manufacturing industries showed the largest reversal of fortunes. The percentage of manufacturing companies wound up had fallen from 26 per cent in the third quarter of 1977 to about 17 per cent in the fourth quarter, jumping to 31 per cent in the first quarter of 1978.

The largest, but more favourable, reversal came in road haulage, where the percentage fell to about 4 per cent in the first quarter of 1978, after rising from about 6 per cent to 6 per cent in the previous quarter; and construction, the largest single category, which showed a fall from 19.5 per cent to 18 per cent.

Warning on higher North Sea taxes

BY RAY DAFTER, ENERGY CORRESPONDENT

NORTH SEA oil analysts have told the Government that it is in danger of damaging the industry and banking confidence through its proposed increase in petroleum taxes.

The warnings follow comments on Wednesday from some offshore oil companies that new Government policies could slow the pace of North Sea exploration and development.

Stockbrokers Fielding, Newson-Smith said it could see no benefits arising from the proposed increase, which would be partially offset by lower corporation tax. They considered that the Government, in seeking a £2bn rise in the tax take over the next seven years, was playing a hazardous game of confidence with the industry.

In a report on the tax, the brokers contend that the Government is changing the rules so that the industry has committed its limited and valuable expertise and financial resources and when it has borrowed extensively. The result could be only a sharp reduction — if not destruction — of oil industry and banking confidence.

Mr. Anthony Wedgwood Benn, Energy Secretary, has said that the companies would not be deterred by the higher tax or the greater level of British National Oil Corporation involvement in new North Sea licences.

"There is a limit to the amount of political interference that businesses can stand and where the point is reached that other parts of the world offer better returns to the oil explorer than the UK. Then the pace of development in the UK sector of the North Sea will gradually slow down."

Wood, Mackenzie add that there was evidence of a marked decrease in exploration effort. In July last year, 17 rigs were drilled, compared with 20 in the UK Continental shelf, a number partly inflated due to the industry's attempts to meet licence commitments before some of the offshore blocks were relinquished.

Last month, there were only five exploration wells being drilled, below the level which might have been expected.

Energy Review Page 8

EEC to provide money for energy research

BY OUR ENERGY CORRESPONDENT

THE EUROPEAN Commission is to provide financial aid to companies and organisations within the Common Market in a bid to encourage the development of new energy sources.

Help will be provided for demonstration projects which build on previous research and which could serve as models to prove the commercial and industrial viability of alternative energy schemes. Projects covered by the EEC finance — repayable in certain conditions — include solar energy, geothermal energy, and the production and gasification of solid fuels.

For solar energy it is thought that the cost of installations producing useful energy would be at least 100,000 European units of account — about £67,000.

The Government is already supporting programmes of research and development in Britain on alternative energy sources.

A £3.6m national research and development programme for solar energy was launched in February last year; in July the Energy Department allocated £24,000 over three years for research and development into geothermal energy; and in May the Government said it would make available up to £20m over the next five years for a programme to support coal liquefaction and gasification projects being undertaken by the National Coal Board and British Gas.

Whitehall faces clash over Liverpool plan

BY RHYS DAVID

THE GOVERNMENT and the Merseyside Council appear to be heading for a clash over proposals announced in the Commons this week to help regenerate the economy of inner Liverpool.

The disagreement is likely over the setting up of a sub-committee which will effectively give the Department of Industry a formal role within the council's inner city partnership scheme, which currently involves local authorities and the Department of Environment.

The Conservative-controlled council, though it has yet to make a formal response to the Government proposal, is unhappy about the usurping of local authority functions and the council may be reluctant to work with the sub-committee.

The council has set up an economic development committee with wide-ranging powers to promote industrial development and is concerned that the formal role within the scheme could overlap with this.

The Government wants the sub-committee to implement recommendations in a report by the Management Consultants related to co-ordination of industrial development.

BL aid must be agreed

THE GOVERNMENT promised yesterday that in future it will go to Parliament to seek separate resolutions of support for any item of financial assistance to BL (formerly British Leyland) the state-owned car company, even if the sum involved is less than £5m.

That was made clear by Mr. Eric Varley, the Industry Secretary, in a parliamentary written answer.

Although sums under £5m may be made available to industry under section 8 of the

Dover shipping collisions fall

A GREATER proportion of ships than 300 ships passed through the Dover Straits, about the same as in 1972, but the collision rate had since fallen considerably, the report said.

Ships through the Strait contravening the provisions of the traffic separation scheme fell from 23 per day in 1972 to 6 per day in 1977 and have since fallen further.

An average of 33 crude oil tankers passed through the Channel each day.

Machine tool export orders fall again

By Kenneth Gooding, Industrial Correspondent

A STEADY decline in export orders for machine tools is again a worrying feature of the latest Government statistics published today.

In the three months to April, new orders from abroad fell by 3 per cent compared with the previous quarter to £26m. This was a fall of 18 per cent on the same period last year.

As a result, export order books, at £29m in April, were 17 per cent lower than a year earlier.

However, the Machine Tool Trade Association, remains convinced that the UK industry will maintain a healthy, favourable balance of trade this year, probably of about £40m.

Total order books, in current price terms, are expected to show some improvement this year, but the association is not so certain that there will be an increase in the volume of output compared with last year.

Home market

The statistics, in Trade and Industry magazine, show that the overall intake of new orders in the three months to April was about 7 per cent higher than in the previous three months and 14 per cent higher than a year earlier.

Total new orders of £127m in the three months exceeded sales by 10 per cent so order books increased by 4 per cent.

Against the drop in new export orders, there was a 12 per cent rise in orders from the home market over the three months to April.

Overall order books stood at £274m at the end of April, 4 per cent higher than in January and 21 per cent higher than a year earlier.

Home orders books have been rising steadily to £151m in April — 57 per cent higher than a year earlier.

In terms of current activity — the industry is working at 78 to 80 per cent of capacity — the overall order book is sufficient to keep companies going until the end of the year.

Further major redundancies at Alfred Herbert, which the industry sees as a "special case" and not typical, will hit the total further as the year progresses.

Government urged to discuss small companies' loan scheme

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE GOVERNMENT was yesterday advised to start discussions with financial institutions and other organisations on the feasibility of a guarantee scheme for clearing bank loans made to small companies.

Such a scheme would be commercial to the extent that the premium income involved would have to meet any losses. It would be administered by a loan guarantee agency and would involve a capital fund which, if not fully paid up, would be held by major institutions, including the banks themselves and perhaps the Bank of England.

This was the main recommendation made to the National Economic Development Council's Roll Committee on Finance for Industry in a report by a special sub-committee headed by Mr. Bernard Asher, the Council's former acting director general. The study stemmed from Government interest in helping small firms to finance their businesses.

In recommending a commercial scheme, the report shied away from a "soft" scheme where the premium income would not cover the losses and where the premia would therefore be subsidised by the Government.

The sub-committee found difficulty in assessing whether there was a "clear need" for any sort of loan guarantee scheme. But, realising that a decision to set up a scheme may nevertheless be made by the Government, it recommended that early discussions should take place between the Government and others concerned.

A scheme could be "wound down" if it were not required, whereas "not to have a scheme

Bid to raise price of plasterboard by 8% rejected

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE PRICE Commission yesterday refused to allow British Gypsum, the monopoly supplier of plasterboard and gypsum plaster used in the construction industries, to raise its prices by the 8 per cent it had sought.

Instead, the commission, in a report published yesterday, said that price rises for gypsum products should be limited to an average of 6.5 per cent and that further price rises should be limited to 12 months after the company last sought a price rise. But charges for the carriage of plasterboard should be allowed to rise by the full 15.2 per cent sought.

The commission's decision not to allow the full price rise sought was based on its analysis that an average 6.5 per cent increase would be sufficient to allow the financing of projected capital expenditures as well as protecting the company's customers in a monopoly market.

In its report, however, the commission made clear its belief that British Gypsum had been helped by its monopoly position in achieving a high return on capital. This return was between 10.5 and 11 per cent on a current cost-accounting basis and over 31 per cent on a historic cost basis.

"It is of course a matter of judgment, but we incline to the view that the company would not have been able to maintain such levels if its monopoly position had not been fully assumed," the commission concludes.

Price Commission: British Gypsum Ltd — increases in the price of plasterboard and gypsum plaster. HC 668; SO; £1.35.

More talks today on UK Airbus role

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

FURTHER MINISTERIAL talks on possible UK-European collaboration on the next generation of civil airliners will be held in London today between Mr. Eric Varley, Industry Secretary, Mr. Joel Leites, British Transport Minister, and Herr Martin Gruner, West German Secretary for Aerospace in the Ministry of Economics Affairs.

The talks will be a continuation of those between the three ministers in Paris and Bonn two weeks ago, and will concentrate on the possibility of the UK rejoining the European Airbus Industrie consortium, to help develop the new B-10 version of the A-300 Airbus.

Much will depend upon what happens at today's meeting. If successful, it is possible that a decision in favour of the UK rejoining the consortium could come next week.

One of the problems to be resolved is the question of whether the UK should pay a heavy "entry fee" to Airbus Industrie, in the form of a contribution to past development costs of the A-300 Airbus. Unconfirmed reports have suggested this could be as much as £100m.

Airbus Industrie has made no provision for the Rolls-Royce RB-211 engine in the existing B-2 and B-4 versions of the Airbus, which are selling with U.S. General Electric engines, while the B-10 version is also basically on offer with the GE engines.

The RB-211 could be fitted in the B-10, but the costs would have to be borne by the UK, if Britain rejoined Airbus Industrie.

Coroner orders Dunlop to test crash tyres

BY TERRY DODSWORTH

DUNLOP, the UK tyre manufacturer, has been told by a coroner to carry out "every possible test" on two blow-out tyres following an accident in which a Jaguar XJ12 suffered a rear tyre blow-out on the M1.

The coroner, who was speaking at the inquest on three Germans who died in the accident, said that he may suggest that Dunlop recall all the 100,000 tyres it has made specially for the Jaguar XJ6 and XJ12 models. Weeks earlier an XJ12 suffered a similar blow-out on the M3.

The coroner told Mr. Geoffrey Morton, Dunlop's development director: "If you find a manufacturing defect I say now that I will add a rider to my verdict suggesting that all the 100,000 tyres manufactured for Jaguar XJ6s and XJ12s should be called in."

Both the alloy wheel carrying the tyre which blew out on the M1 and the valve will also be examined.

Mr. David Price, the senior scientific officer at the Home Office forensic laboratory at Aldermaston, Berkshire, told the inquest that in his opinion both the tyre had suffered structural break-up in the steel braiding. In his view this was caused by a manufacturing defect.

Dunlop said later that the tyres would be examined at laboratories in Birmingham to establish the cause of the blow-out.

Scottish agency to seek 15% return

BY JOHN HUNT

FINANCIAL GUIDELINES for the Scottish Development Agency, made public for the first time yesterday, show that it is expected to aim for a minimum average rate of return of 15.20 per cent on capital by 1981-82.

Details of the guidelines were given yesterday by Mr. Bruce Millan, Scottish Secretary, in a written Commons reply, after the Conservatives had criticised the agency's track record in its industrial investments.

Earlier this year Scotland, a fish and shellfish processing plant in Glasgow in which the agency had invested £225,000, was put into the hands of the receiver.

The previous year, two other companies in which the agency had invested a total of £150,000 collapsed.

The guidelines show that although the agency is expected to make steady progress towards the target figure, the rate itself and the date by which it is to be achieved may be varied by the Scottish Secretary with Treasury approval.

In calculating the rate of return on capital, any money from grants or made under Section 5 of the Scottish Development Agency Act, may be disregarded.

The Scottish Secretary may also allow the agency to disregard any other investment.

Carriers back with railways

By Ian Hargreaves, Transport Correspondent

FREIGHTLINERS, THE road and rail container carrier, was returned to the ownership of British Rail at midnight last night.

The change, a product of the recent Transport Act, comes at a time when the company is struggling to improve on the £14m trading profit recorded last year, when it was owned 49 per cent by the railways and 51 per cent by the National Freight Corporation.

Although revenue is forecast this year at £24m—£3m higher than last year—the figure was cut by industrial disputes at Southampton docks and within British Rail.

Mr. Bob Reid, managing director of Freightliners, said last night that he was confident of an improvement on last year's trading surplus, if there were no major industrial disruptions.

Freightliners would remain a separate and distinct organisation within the railways.

Mr. Reid, a member of the British Rail board, takes over as Freightliners chairman. He said that the transfer of ownership would be smooth and would not affect customers.

Sir David Patten, chairman of National Freight, said that the corporation had developed Freightliners to the point at which it was the world's largest overland container carrier. It was "growing, growing business of greatly increased potential."

Sir Peter Parker, railways chairman, was "jolly lucky" to be inheriting such a company.

Mr. David White, managing director of British Road Services, a road transport company within the corporation, will maintain the links between the two State bodies by serving on the Freightliners board.

Distillers agrees to new £4m thalidomide fund

FINANCIAL TIMES REPORTER

AN independent report recommending payments to 49 young people not originally accepted by the manufacturers of thalidomide as injured through that drug has been approved by the Government and the Distillers Company, it was announced yesterday. The total cost to Distillers will be more than £4m.

The report, prepared by Sir Alan Marre, former Parliamentary Commissioner for Administration, recommended that 30 of the disabled people and their families should receive the same compensation as those already injured through thalidomide and that 49 people who in Sir Alan's view were beyond reasonable doubt not injured through thalidomide should receive ex gratia payments of £10,000 each.

Cash payments to the parents of the 20 children will amount to £200,000. Payments to the children, estimated on the basis of the average award to the originally recognised thalidomide victims (£18,250), will amount to £365,000. Interest on these payments, which will be a further £365,000.

The ex gratia payments to the other 49 young people and their parents will total more than £400,000.

It was also recommended that Distillers should make additional payments totalling £3,035,000 over the next seven years to the Thalidomide Trust Fund, which is for the benefit of all children injured through thalidomide. That will bring the estimated cost to the company of accepting the report to about £4.4m.

Sir Alan recommended that the Government should contribute £800,000 to the fund.

Mr. Jack Ashley, Labour MP for Fife-on-Trent, South, who has campaigned on behalf of the children and families involved, said the recommendations were "honourable, judicious and reasonable, giving the benefit of any possible doubt to the families concerned."

However, he observed that 22,000 drug product licences, issued by right, with no checks by the licensing authority, were in force and only 1,500 had been reviewed. He said: "Thus there are over 20,000 drugs on the market which have not been reviewed, the risk of another drug disaster clearly cannot be ruled out."

Distillers said in a statement last night: "It is our hope that Sir Alan's recommendations and the company's implementation of them will be accepted by all as a reasonable and equitable way of bringing the matter to a conclusion."

House prices rise 14.5% in year

BY ADRIENNE GLEESON

FIGURES from the Department of the Environment yesterday provide additional evidence of the sharp increase in house prices in the spring. According to the department's figures, the average price of dwellings on which mortgages were approved in the second quarter of 1978 was £18,250, or 14.5 per cent higher than the average price of older houses was for the first quarter of the year (5 per cent adjusted for seasonal movements) and 14.5 per cent more than a year ago.

The figures suggest that, although the price of new houses continued to increase at a brisk pace during the quarter (rising quarter of 1978 and 64 per cent by an average 5.5 per cent to a year ago).

£17,110, or 4.5 per cent on a seasonal basis, older houses were back some of the ground lost during the preceding year. Their price increased by an average 6.5 per cent (5 per cent on a seasonal basis) to £15,300. The average price of new houses was 18.5 per cent higher than a year previously, while the average price of older houses was 13.5 per cent higher.

The average mortgage advance approved for all dwellings in the second quarter of 1978 was about £10,250, or 6.5 per cent of the average price. This compares with £9,250 in the first quarter of 1978 and 64 per cent by an average 5.5 per cent to a year ago.

Giro widens travel cheques service

BY MICHAEL BLANDEN

THE National Girobank, the recently renamed banking operation of the Post Office, has extended its travellers' cheque order form to a counter officer, who returns the passport after noting the details in it. The currency and cheques required are sent by registered post to the customer's home address a few days later.

The new move is a further arrangement with Thomas Cook and the Girobank towards a more comprehensive banking that an important advantage is service.

£5m cost of beer pump modifications

BY KENNETH GOODING

IT WILL cost more than £5m to modify beer engines, the hand pumps used for 200 years to dispense traditional beers, in the wake of proposed Government food regulations, says the Brewers' Society.

The Lead in Food Regulation 1978 proposes that the maximum permitted "pick-up level" for lead in beer be drastically reduced. So the Brewers' Society has advised its members and the trade generally to fit modification kits where necessary.

Equipment manufacturers have been alerted and new parts are becoming available. The licensed trade is also being advised to ensure that all beer engines have contact parts made of stainless steel, glass or similar inert materials.

Publicans are being reminded that they should observe the long-established procedure for clearing pipes after a period of non-use, and that this is particularly important where unmodified beer engines are being used.

"The society said yesterday: 'Billions upon billions of pints of beer—about 1.5m every year—have been served from beer engines.'

"Although no health problem is known to have arisen over two centuries, beer engines will have to comply with the new regulations, which is why modifications will be made as quickly as possible where necessary."

"Many companies have their programmes in hand. Beer engines have been safely used since the 18th century and will continue to be part of the tradition of the pub."

Brewers urged to find alternative filters

A GOVERNMENT report published yesterday urges the brewing industry to make every effort to find a suitable alternative to asbestos filters in beer production.

The report, from the Food Additives and Contaminants Committee, says there is no evidence of any health hazard from the use of asbestos, but it is a carcinogen and should be replaced by a safe alternative.

The approved substances used since the 17th century to clarify beer, most of which have been used for decades and in some cases for centuries.

The approved substances used since the 17th century to clarify beer, most of which have been used for decades and in some cases for centuries.

The Brewers' Society last night confirmed that asbestos filters were being phased out by the industry.

This was because of concern of beer. HMSO 70p.



Mr. BERNARD ASHER

set up to enter into agreements with a bank and a customer to guarantee specified loans, charging a premium sufficient to offset the risks and costs. The premium could be calculated and applied to the loan, or the bank could be a once and for all lump sum.

"For the banks to accept the guarantee by the loan guarantee agency they must have complete confidence in its creditworthiness," says the report. "It should therefore have a capital fund which, if not fully paid up, should be held by substantial institutions including the banks themselves and perhaps also (as in the case of Finance for Industry) the Bank of England."

Were the financial institutions unwilling to take up the whole of the equity needed for the scheme, the Government would have to participate in the equity risk which, the report points out, would stop it being purely commercial.

The alternative of a "soft" lending scheme would involve "an element of subsidisation of the premia," says the report. "In these circumstances the loan guarantee body would be expected to make a loss and no private insurance participation would be possible; it would need to be wholly owned by the Government."

But, the report warns: "If the main effect was to cause applicants, who would otherwise have been turned down by their banks, to over-borrow, leading to insolvency there would be no gain and the agency would have heavy losses."

It is necessary to decide how the proportion of risk borne by the banks would apply," says the report. "We take it as axiomatic that if the banks are to operate the vetting system, they should bear a proportion of the risk on each contract so that they have an interest in the future of the business concerned."

"Informal talks with the banks indicate a range of reactions from 15 per cent of the risk would be acceptable down to 10 per cent. The Government wants us to lend beyond our commercial judgment, they should bear all the risk."

Under a commercial scheme, a loan guarantee agency would be

مكتبة المصطفى

HOME NEWS

Reactor plans are 'beset by inertia'

By JOHN LLOYD

A PARLIAMENTARY select committee should conduct an inquiry into the development of fast breeder reactors, the Select Committee on Science and Technology recommends in a report published yesterday.

It considers that the issue is beset with "inertia" and that an inquiry would overcome that.

In the special report, its third, the committee says neither the Government nor the electricity boards have publicly indicated a wish to develop a commercial-size demonstration fast breeder reactor.

In 1976 the cost of such a development was put at about £200m, including research. About 35 per cent of that would have been capital cost of the reactor.

Since then, the Government has promised a public investigation into the reactor in the course of the recent Windscale inquiry. No further announcement, however, had been made.

Mr. Arthur Palmer, MP, the select committee's chairman, thought the promise might have been made rather lightly. The report comments: "It seems that

no great urgency is now attached to it."

The report says that although the Secretaries of State for Energy and the Environment had various powers to order an inquiry, those powers depended on a formal proposal to them. It urged an inquiry into the public policy issues raised by building such a reactor before any government decision.

Mr. Palmer referred to an observation made in the Commons by Mr. Anthony Wedgwood Benn, Energy Secretary, that the fast breeder reactor raised even more "wideranging issues than had the Windscale inquiry, which concerned nuclear waste reprocessing. The matter should be one for the select committee to examine."

The report notes: "The Select Committee on Science and Technology possesses wide powers to appoint expert advisers to assist in assessing the technical details of evidence received, so there is no reason why the examination of witnesses and their evidence should be in any respect less made rather lightly. The rigorous form of inquiry."

New airport groups to advise on policy

By MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE GOVERNMENT has set up two new bodies to help it settle major strategic decisions on future airports, policy. The Advisory Committee on Airports Policy and the Study Group on South-East Airports will begin work in September.

The advisory committee's function will be to look at overall long-term national airport considerations, with particular reference to the regions as well as to London and South-East.

The study group, however, will be solely concerned with London and the South-East with the immediate task of deciding what to do about handling traffic growth in the 1980s.

The British Airports Authority, which urged the establishment of the advisory committee late last year, has said that even with full implementation of existing development plans (including the fourth 5m passenger terminal at Heathrow, the raising of Gatwick's capacity from 18m to 25m, and the development of Stansted in 4m and Luton to 5m there will be enough capacity only to handle 72m passengers a year by the mid to late 1980s, whereas demand could reach as much as 89m.

This would force decisions on further options—such as raising Stansted further to 10m passengers or more, a year, or converting a military airfield to civil use, or even building a new "third London airport" somewhere on a "greenfield" site.

What worries the airports authority, however, is that the only new development it has asked for so far—the fourth terminal at Heathrow—has been delayed for more than a year already by environmental objections, and the subsequent public planning inquiry which is still in progress.

It fears that it needs to undertake the other development at Gatwick, Stansted and Luton, it will be blocked again, and may even be refused permission to expand its airport facilities, with disastrous results for air transport development.

The two new groups will have members from the Department of Trade, and will include representatives of the Airports Authority (Mr. John Wilkins, managing director, and Mr. Don Turner, planning director), and from the Civil Aviation Authority, the airlines, local authorities, and the Air Transport Users' Committee.

The Airports Advisory Council, and the Airports Development Council.

Food and drink producers urged to re-invest

LACK OF investment in the food and drink manufacturing industry is a recipe for disaster, according to a discussion document published today by the National Economic Development Office.

The document, jointly prepared by unions and management, representatives on the food and drink manufacturing economic development committee, adds that the need for re-investment is absolute, overriding all other considerations.

"If such investment is not made, the future of the company and therefore the standard of living and security of employment for all concerned will be put at risk."

The document echoes closely the plea made earlier this week by Sir Hector Laing, chairman of the Food and Drink Industries Council, for higher prices to allow manufacturers sufficient profits to re-invest. Profits margins in the industry have slumped to their lowest for three years.

The document points out: "It is important that industry, management and employees must understand that new investment is the best interests in the long run, despite inevitable short-term manpower cutbacks."

Food companies' real wealth—their increased added value—and retained profits must be before additional investment projects likely to provide new employment opportunities make demands on a company's added value and cash generation beyond the normal replacement necessary to keep the existing business dynamic.

Shepherd Neame plans output of 37m pints

By KENNETH GOODING

SHEPHERD NEAME, the independent Kent-based brewing company, is to spend a further £500,000 to expand capacity at Faversham from 80,000 bulk barrels to 130,000 barrels, 37.4m pints a year.

This follows expenditure of about £1m over the past three years to modernise and improve output.

Mr. Robert Neame, chairman, has said that the latest projects, planned to be completed in 1979, annual cost of £400,000.

London Brick to revise transport charges

FINANCIAL TIMES REPORTER

LONDON BRICK has agreed to revise its transport charges for flat building bricks as from next January to take account more fairly of the distance from the company's production sites.

The company's agreement was announced in the Commons yesterday by Mr. John Fraser Price, Minister. It remedies the single adverse finding of a Monopolies and Mergers Commission report of June 1976 on the supply of building bricks in the UK. This concluded that London Brick was overcharging customers who operated close to its works and

Dock force may fall by 30%, report says

By Lynton McLean, Industrial Staff

BRITAIN'S DOCK labour force is likely to fall by 30 per cent within 12 years, the National Ports Council said in a document on strategy published yesterday.

Reduced demand for labour would hit ports of all sizes, but the traffic base of small and medium ports would be undermined most as conventional berths gave way to specialised berths by 1990.

The greatest impact would be in the West and South-East. These would carry the main burden of cutbacks which the council estimated would reduce demand for dock workers from 40,300 in 1975 to 28,200 by 1990. By then, there probably would be a plateau of stable labour demand.

The council said the loss of work for staff and casual grades would be managed largely through natural wastage. But there would be a concentration of the problem in some areas which already faced a general decline in labour needs and high unemployment.

Local moves

The council prepared the report on the ports industry in response to a call from Mr. William Rodgers, Transport Secretary, for recommendations on the way a strategy for ports should be developed. But the council said yesterday that its conclusions were not a blueprint for the future.

The structural change to more specialised, less labour-intensive port operations still had to be tackled by employers and unions at local level. Selective measures would have to be taken and the problem could not be solved through an inflexible national framework.

Where financial aid was to be given to ports which faced large-scale problems, this should be done only in an "orderly way in accordance with a consistent policy."

The council said inefficiency had to be dealt with more firmly than in the past, and if port was facing difficulties, it should give quarterly management financial accounts. These would measure performance against agreed targets and a set of performance indicators, including cash flow.

National Ports Council, Report to the Secretary of State for Transport on the Ports Industry: NPC, Commonwealth House, 1 to 19, New Oxford Street, London WC1 1DZ.

New move to aid London port areas

By Lynton McLean, Industrial Staff

MEASURES to extend the area of London docklands which could benefit from selective Government aid schemes were announced yesterday by Mr. Peter Shore, Environment Secretary.

The Government proposes to apply to a wider area of the five London dockland boroughs the preferential treatment now given to applications for industrial development certificates from selected areas of London and Birmingham.

The certificates are issued by the Industry Department and are needed to support planning applications for new industrial premises in excess of 12,500 sq ft in the South-East and exceeding 18,000 sq ft elsewhere.

"Partnership areas" where planning is guided by joint committees of Government and local authorities, are given precedence after the assisted development areas but in front of new and expanding towns.

There are other partnership areas in Manchester, Salford, Liverpool and Newcastle/Gateshead, but these all fall within development or special development areas.

Mr. Shore also said that the Inner Urban Areas Act, which received the Royal Assent on Tuesday, would be applied in full to the extended area of London docklands.

The Act applies to all inner city partnership areas and enables the Government to make loans of up to 90 per cent on commercial terms for the acquisition of land and for building and site works. It also enables the Government to give other loans or grants.

Electricity price compares well

AS A RESULT of an error in yesterday's Financial Times, it was incorrectly stated that electricity prices to industry were higher in Britain than in West Germany, the Netherlands and Belgium. The reverse is the case, as the comparative prices given showed.

House building will cost £44m

Northampton Development Corporation is to build 362 houses for rent at Briar Hill. The £44m contract goes to Holland, Hannon & Cubitts (Midlands), of Solihull.

LABOUR NEWS

The Sun appears again tomorrow

By CHRISTIAN TYLER, LABOUR EDITOR

THE SUN newspaper will be published tomorrow for the first time in 11 days. Journalists in dispute over a productivity pay deal voted last night by about nine to one to accept the company's terms for taking them back after their dismissal last week.

The dispute means a net loss for the paper of more than £1.6m. Some 44m copies were lost.

Meanwhile the paper has been given permission by the Price Commission to raise its cover price from 6p to 7p. If the company decides to raise the price, it will still be 1p cheaper than its rival the Daily Mirror.

The Mirror, which recently lost to the Sun its place as the biggest-selling daily, has been printing an extra 1m copies a night during the dispute and is bracing itself for the resumption of the circulation war.

A circular from the chief executive to managers and union officials says: "When the Sun returns to full publication it will be the greatest challenge the Mirror has ever faced. In the past eight days we have got something like 8m Daily Mirrors into the

hands of Sun readers. The great now is to make sure that they stay Mirror readers."

Urging all staff to extra effort, the circular says: "We have every possibility of getting the Mirror back, not only the staff of the Sun, but over 4m." The Sun circulation is around 4m.

The end of the stoppage came after Mr. Bert Hardy, managing director of The Sun, had addressed a meeting of the National Union of Journalists. He said the company was still to be settled. Although the chapel had voted on Wednesday night by 61-22 to return, it added a warning that industrial action might be resumed if a satisfactory offer failed to emerge in seven days.

The management refused to re-engage the 224 journalists dismissed last week until that threat was dropped.

Chapel officials were persuaded to remove the offending clause and substitute a pledge to honour disputes procedure. A peace formula for a return to work of 65 journalists at London Broadcasting is expected to be agreed today.

Clyde shop stewards black work on Polaris submarine

By PHILIP BASSETT, LABOUR STAFF

SHOP STEWARDS from naval dockyards on the Clyde decided yesterday to black all work on the Polaris submarine Resolution, which returned to its base on Wednesday while 2,500 dockyard workers there were holding a one-day stoppage in support of a pay claim.

Dockyard workers meet today to ratify the blacking and to consider a repeat last week's campaign of further lock-outs. Last week Mr. Fred Mulley, Defence Secretary, shut the yards while the Navy freed another Polaris submarine, HMS Revenge, which was also blacked as the sanction on the pay claim.

The shop stewards will tell the meeting today about yesterday's talks with the Commodore of the base after the blacking decision was taken.

They were told that the Navy was no longer prepared to base the operation of its submarines affected by the pay dispute.

Union officials at the yards are aware that the Navy may be forced to repeat last week's campaign of the Revenge with its sailing time draws near.

Mr. Tom Killen, secretary of the joint stewards committee at the yards, said yesterday that the Navy workers were prepared to take on the Government if there was any repetition of

workers being locked out.

No work other than that essential for health or safety reasons will now be done on the Resolution, which is returned to base for minor repairs and servicing as part of the turnaround programme, which keeps at least one nuclear submarine at sea as part of the British NATO commitment.

The Ministry of Defence said that the blacking would alter the Resolution's servicing programme, but it would have no effect on its operational ability.

The blacking is in support of a claim for substantial pay rises for 183,000 industrial civil servants.

NALGO claims big London pay rises

By PHILIP BASSETT, LABOUR STAFF

IMPROVEMENTS in London weighting allowances of up to 44 per cent are to be claimed by the National and Local Government Officers' Association for its 130,000 members working in the capital.

The claim, which will be submitted next month, is based on Department of Employment figures for London weighting, which show that since allowances were last revised in 1975 costs have risen by 44.3 per cent in inner London and 21.3 per cent in outer London.

NALGO will seek increases of £192 a year for inner London, an increase of 44.13 per cent on the current rate of £435, and £90 for outer London, an increase of 21.05 per cent on the present £425.

The increase claimed for the "inner fringe" area will be £39, 21.66 per cent on the current £180, and for the "outer fringe" area the claim will be for £37, a 22.5 per cent increase on the current £120.

Allowances for members aged below 18, at present half the over-18 rate, would increase proportionately. The claim will also include the removal of certain boundary anomalies.

Increases in London weighting allowances have been prevented under pay policy since 1975.

NALGO's Stage Three deal, which added 9.94 per cent to pay rates and consolidated the increase and that from Stage Two, made no provision for London weighting.

Civil Service unions are to submit claims for increases of up to 50 per cent in their London allowances. Teachers' unions have submitted their London allowance claim, and other groups are expected to make similar claims later this year.

500 ambulances to stay off road in Scotland

By PHILIP BASSETT, LABOUR STAFF

MORE THAN half of Scotland's all Bedford ambulances for up to a week after a number of incidents in which wheels fell off.

The decision to continue blacking nearly 500 of the country's 800 ambulances was taken at a meeting in Glasgow yesterday between ambulance chiefs, union representatives and officials of the Common Services Agency.

Ambulancemen in most parts of Scotland have been blacking

Print union sued by its members

By Our Labour Staff

BRITAIN'S largest print union, the Society of Graphical and Allied Trades, is being sued in the High Court by a large group of its London members.

The members, who belong to the London central branch, the largest within the 200,000-strong union, are asking the court to declare invalid a meeting last year of SOGAT's biennial delegates.

The London group allege they were wrongly excluded from the council meeting held in May. An early hearing, possibly in October, is likely.

The allegations arise from an incident during the meeting over the issue of an inter-SOGAT dispute at Format International, a small South London printing company.

A resolution was tabled reprimanding a group of London members for withholding union contributions in protest at the way the executive had handled the dispute. The delegation walked out and a union vote was later taken excluding them from the conference.

Nott favours Merchant Shipping Bill

By Our Labour Staff

MR. JOHN NOTT, the Opposition spokesman on Trade, has told Mr. Jim Slater, the general secretary of the National Union of Seamen, that he would urge a Conservative Government to give early consideration to the need for a Merchant Shipping Bill.

A draft Bill has been added to a recent White Paper on safety at sea but the Government has yet to introduce it.

The draft Bill covers a wide range of areas, including changes in pilotage regulations, measures to prevent pollution and problems facing the fishing industry.

The union, however, is particularly interested in the draft Bill's references to ship discipline including a proposal to repeal section 34 of the 1970 Merchant Shipping Act, which gives captains the power to impose fines on crew members.

Mr. Nott has told Mr. Slater that he is aware of the importance of the Bill in governing merchant shipping and would press for it in any Conservative programme.

Equity attacks TV plans

By OUR LABOUR STAFF

EQUITY, the actors' union, said yesterday that its members would not appear on the proposed fourth TV channel, until the union was satisfied that the channel did not threaten existing jobs.

Rejecting the Government's proposals published last week in a White Paper, Mr. Peter Plowley, Equity's general secretary, said that no individual or collective agreements would be made with any new producing company until the union was satisfied the fourth TV channel would be financially viable. A statement from Equity described

the Government's plans as "depressing, unrealistic and unattractive."

Yesterday Mr. Plowley led a joint deputation from Equity and Amenity, International, the human rights group, to ask the Spanish Government to release El Joglar, a mime troupe jailed on a charge of "grossly insulting" Spanish forces in a play.

The union has already asked the Spanish Prime Minister for the release of the troupe. Two members of the troupe have escaped from prison, but four others are serving two-year sentences.

Conservative attempts to win favour with the trade unions by proposing a return to free collective bargaining in the private sector were rejected yesterday by Mr. Ray Buckton, general secretary of the train drivers' union ASLEF.

Mr. Buckton said that though his union, like many others, was seeking a return to free collective bargaining, it was not prepared to do so on the Conservatives' terms.

Writing in his union's journal, Mr. Buckton said that the return to free collective bargaining in the private sector, as promised by Mrs. Thatcher, Leader of the Opposition, would lead to an increase in the problem many nationalised industries were having to contend with, losing highly skilled workers to the private sector.

Strike hits Leyland

By Our Midlands Correspondent

A STRIKE by drivers at British Road Services is disrupting production by BL Cars in a month when sales are expected to hit record levels.

About 700 workers have been laid off and output of the Mini halted at Longbridge, Birmingham.

The cause of the disruption is a strike by transport drivers at the Castle Bromwich factory, Birmingham, which supplies bodies to the Longbridge plant. It has also led to lay-offs at the Triumph plant at Bordesley Green, Birmingham, where Triumph Spitfire bodies are made.

The dispute could not have come at a worse time for BL Cars, which is trying to recapture its market share.

In July the State-owned group took only 22 per cent of sales and hopes to do better this month. Stocks with dealers are high.

Shop stewards will meet the company in Coventry today to discuss an incentive scheme, which could yield workers' benefits well in excess of those offered earlier this year in a deal with projected increased earnings of £3 a week.

Print union sued by its members

By Our Labour Staff

BRITAIN'S largest print union, the Society of Graphical and Allied Trades, is being sued in the High Court by a large group of its London members.

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COMPANY NOTICES

FREE STATE DEVELOPMENT AND INVESTMENT CORPORATION LIMITED
(Incorporated in the Republic of South Africa)

NOTICE TO MEMBERS
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the thirty-fourth Annual General Meeting of members of Free State Development and Investment Corporation Limited, will be held in the Board Room, Consolidated Building, corner of Fox and Harrison Streets, Johannesburg, on Wednesday the 20th day of August, 1978, at 10 a.m. for the following purposes:

- To receive and consider the financial statements for the year ended 30th June 1978.
- To elect directors in terms of the articles of association.
- To transact any other business which, under the articles of association, ought to be transacted at an Annual General Meeting.

Any member of the company is entitled to appoint a proxy to attend, speak and vote in his stead. A proxy need not be a member of the company. The share transfer books and the register of members will be closed from 19th to 20th August 1978, both days inclusive.

By Order of the Board,
JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY LIMITED,
Secretaries
per D. A. FREEMANTLE

Head Office and Registered Office:
Consolidated Building,
150 Fox Street, Johannesburg 2001,
P.O. Box 550, Johannesburg 2001.
25th July 1978.

London Secretaries:
Barnard Brothers Limited,
15, Abchurch Lane,
London EC4M 3SE.

WANKIE COLLIERY COMPANY LIMITED
(Incorporated in Rhodesia)

NOTICE TO MEMBERS
MORTGAGE DEBENTURE STOCK 1962/1978
FINAL INTEREST PAYMENT NO. 50

Notice is hereby given that transfers of debenture stock will be registered by the Company after 17th August 1978, and that warrants in payment of interest due in respect of the half year ending 31st August, 1978, are due to be paid to the registered holders of the debenture stock on or before 21st August, 1978. Warrants in payment of interest will be despatched as soon as possible thereafter.

In order to exchange control regulations payment of interest to stockholders resident in the United Kingdom, Zambia or Tanzania must be paid into a blocked account in the Stockholders' name with a registered commercial bank in Rhodesia. Arrangements for being made for stockholders resident in the United Kingdom and who are not resident in the United Kingdom, Zambia or Tanzania to be paid their interest.

By Order of the Board,
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED,
Secretaries
per J. S. PARKER

London Office:
40, Nobsford Viaduct,
London EC1A 4AB.
2nd August 1978.

Office of the United Kingdom Transfer Secretaries:
Charter Consolidated Limited,
Charter House, Park Street,
Aston Road, TR24 3EQ.

ANNOUNCEMENTS

MEDICAL ASSISTANCE for companies—workshops, etc. by Mr. J. S. PARKER, International Ltd., Group Manager, 10, Abchurch Lane, London EC4M 3SE. Tel. 01-952 5077. Telex 934523.

ART GALLERIES

FIELDHOUSE GALLERIES, 53, Queen's Gate, St. John's Wood, W.8. 580 5500. LANDSCAPE, by Mr. J. S. PARKER, 10, Abchurch Lane, London EC4M 3SE. Tel. 01-952 5077. Telex 934523.

FINE ART SOCIETY, 148, New Bond St., W.1. 01-523 5116. SUMMER EXHIBITION.

MAIL GALLERIES, The Mail, S.W.1. PAINTINGS AND OBJECTS BY MARYLYN, 10, Abchurch Lane, London EC4M 3SE. Tel. 01-952 5077. Telex 934523.

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GARGOYLE, 69, Dean Street, London, W.1. NEW NIGHT CLUB. THE GREAT BRITISH STRIP. Open at midnight and 1.45. Tel. 01-477 1100. Closed Saturdays. 01-477 1433.

PERSONAL

CHESSEA FOOTBALL CLUB has a luxury private bus available for most seasons. Write David Caspary for details. 01-385 3613.

PUBLIC NOTICES

CITY OF BRADFORD METROPOLITAN COUNCIL

Bills amounting to £2,500,000 were passed on 2 August 1978, at a rate of 7/10p. Bills outstanding total £19,000,000.

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Taxing questions for offshore operators

"MADNESS" . . . "amazing" to imply that the oil companies are going to pack their bags and sail away to more enticing prospective areas. In truth there is hardly anywhere in the world where companies could find such an attractive combination of oil producing potential, stable political regime and comparative freedom of operation and profit-making.

The Government, and Energy Secretary Mr. Anthony Wedgwood Benn in particular, would seem to be wrong to dismiss these remarks as the predictable bleatings of an industry about to see some of its excess profits being eroded. Cynics might say that oil companies would have used the same comments to describe the tougher conditions for the latest round of offshore licences had not these been overshadowed by the more significant tax change proposals.

Welcome

They would have been reinforced in this view by the remarks of Mr. Tom King, the Shadow Energy Secretary, who said he welcomed the belated recognition that North Sea revenue was likely to fall below estimates. He questioned whether even the Government's proposed tax changes went far enough in respect of the most profitable fields.

But it would be rash to dismiss the industry's implied warning without deeper consideration. After all, the country must rely on the oil companies to explore and exploit the fields that have so far been found and on continuing to search for the reserves which will help sustain energy self-sufficiency throughout the 1980s and, possibly into the 1990s. In spite of its increasing reliance on oil, the Government has the sixth round licence conditions—the state-owned British National Oil Corporation cannot hope to do all of the offshore work on its own.

Of course, it would be false

to imply that the oil companies are going to pack their bags and sail away to more enticing prospective areas. In truth there is hardly anywhere in the world where companies could find such an attractive combination of oil producing potential, stable political regime and comparative freedom of operation and profit-making.

Mr. Joel Barnett, chief secretary to the Treasury, said that when the rates and allowances for Petroleum Revenue Tax (PRT) were fixed in 1975 the Government had deliberately adopted a cautious approach.

There can be little doubt that companies will want to re-evaluate their development schemes, in the light of the PRT proposals, and to re-examine their future exploration plans now they know much more about the conditions—fiscal and otherwise—that will apply. For it is perhaps paradoxical that having been alerted by the big profits now being made by operators in some of the early North Sea fields the Government is to lay most of the extra tax burden on fields which have yet to be brought on stream. By common consent these discoveries are likely to be much smaller, quite possibly more difficult to exploit, and therefore less profitable anyway.

This is borne out to some degree in calculations made by stockbrokers Wood, Mackenzie. They show that the discounted cash flow rate of return on British Petroleum's Forties

Field is 42.5 per cent. Shell/Esso's Auk Field is said to be showing a DCF return of 52.9 per cent, while Occidental's Piper Field provides a return covering. A hypothetical field

DRILLING ACTIVITY IN THE NORTH SEA'S

UK SECTOR		Jan	Feb	March	April	May	June	July
Exploration wells	11	9	11	10	12	9	5	
Appraisal wells	7	6	6	5	4	3	4	
TOTAL 1978	18	15	17	15	16	12	9	
Exploration wells	9	9	9	11	14	19	17	
Appraisal wells	11	9	11	11	9	8	8	
TOTAL 1977	20	18	20	22	23	27	25	

Source: Wood, Mackenzie

of 49.1 per cent. It is this level of profitability which has largely prompted the Government to re-examine its tax structure. But these fields may well prove to be the exception. They were planned and largely developed before inflation had taken its full toll on costs.

Companies evaluating projects now face higher levels of capital expenditure without the prospect—within the next few years at least—of a significant increase in the price of crude oil. Hence Wood, Mackenzie calculates that on the basis of oil being \$14 a barrel, British Petroleum can expect only a 12.5 per cent DCF return on its planned \$1.25bn Magnus Field development—a project which might not have been sanctioned but for the profits accruing from Forties and the fact that the Magnus expenditure can be offset against Forties Corporation Tax. The Phillips group's proposed Maureen development might show a return of 14.7 per cent, again on the basis of a \$14 a barrel oil price. Similarly, Amoco group's North West Hutton Field could show a return of only 22.4 per cent. Even tax examples provided

of 65m tonnes of recoverable reserves (a field like Shell/Esso's Tartan discovery) could—under the Treasury's calculations—have provided companies with a take of \$810m and an annual internal rate of return of 19 per cent under the existing tax rules. Under the proposed rules the company take would fall to \$720m and the rate of return would drop to 17 per cent.

On the other hand a hypothetical field with 30m tonnes of recoverable reserves would provide the participating companies with a take of \$420m and an annual return of 38 per cent under the existing system, but these retained profits would fall to \$300m and a 31 per cent rate of return under the new system.

Although Mr. Barnett has stated that the Government wants to encourage the development of smaller fields and is willing to provide royalty and tax concessions if necessary, the proposals include a provision which seems designed to do just the opposite. Companies will be allowed a production rate of only 500,000 tonnes a year before becoming liable for PRT rather than the 1m tonnes a year at present.

Other proposed changes include an increase in the basic rate of PRT—from 45 per cent on specified profits of 80 per cent—and a reduction in the "uplift" allowance for certain capital expenditure. If the changes go through companies will be able to charge only 135 per cent of their capital costs against PRT instead of the 175 per cent at present.

This last provision will not only alter the economic complexion of future development projects, it will also affect offshore schemes which are now underway—schemes like Shell/Esso's Brent and Fulmar developments. For the uplift provision will be applied to all expenditure made from yesterday. Little wonder then that Shell and Esso which have spent over £1bn each in the North Sea so far, spoke out strongly against the tax proposals.

Maybe, indeed quite likely, companies will learn to live with the higher tax levels just as they will probably accept the stiffer conditions for the 46 blocks being offered in the sixth round of licences.

What is worrying is that there could be a significant delay in exploration and development work while North Sea project teams re-calculate schemes and re-present projects to their company boards. Here it is worth indicating that the North Sea development programme has already fallen well behind the Government's original forecasts. For instance, in the 1974 "Brown Book" on offshore activity the Department of Energy indicated that it hoped production in 1976 would exceed 22m tonnes. In the event, the output was only 12m tonnes. The projected 1977 output for last year was 50m tonnes although production fell 12m tonnes short of that figure.

The Government is confident that its aim of oil self-sufficiency in 1980 will still be met; indeed it should if the oil industry achieves the anticipated output in that year of 90m to 110m tonnes. However, it is often overlooked that under the 1974 projections the UK could have been reaching a self-sufficiency position about now or certainly within the next year. Lower-than-expected domestic oil con-

sumption, caused by the prolonged economic recession and energy conservation measures, has tended to distort the picture and makes the proportionate contribution from the North Sea greater than it might have been.

But these delays may not only be confined to production plans. The pace of oil discovery could well be reduced by new licence policies. The final conditions for the next round of licences provided BNOC with a much more prominent position. The Corporation will be operator in six of the 46 sixth round blocks, a respon-

sibility it will add to its role as operator in six fifth round blocks, in nine sole licences awarded earlier this year, and in the important Thistle Field development project.

But that is not all. As part of the sixth round conditions companies will be asked to offer BNOC a bigger than 51 per cent stake in the licence consortia. They will also be asked to pay for some of the Corporation's exploration and appraisal costs although this money will be repaid with interest if a commercial field is found and developed. As an aside, all operating committees—irrespective of which company is the operator—will have to meet in Glasgow, the home of BNOC. And all public announcements and statements concerning the licences must either be made by BNOC or made in conjunction with the Corporation.

All this will put considerable managerial and technical pressure on what is still a young oil corporation. It is hard to imagine that some frustrations and delays in exploration will not occur.

In addition there is a question mark over the size of the proposed sixth round concessions. Mr. Benn said he wants to allocate licences on a "little but often" basis. In this way, he says, he can control the rate of exploration and production in the North Sea. But there is a risk that the Government may be slowing exploration too much.

This time last year there were between 25 and 30 rigs operating in the North Sea, admittedly an activity encouraged by last-minute drilling requirements on fourth round blocks. This week there have been 17 rigs operating on the UK continental shelf; only five of these are employed on exploration work, the rest are being used to evaluate discovered struc-

tures or to assist in the development of commercial fields.

Dr. Dickson Mabon, Minister of State for Energy, provided the Commons with some other figures a fortnight ago. During the first half of this year 19 exploration wells were commenced, he said. This compared with 67 for the whole of 1977, 68 in 1976 and 79 in 1975.

Disappointing

And yet, in spite of these figures, the Government is allocating only 46 new blocks, relatively few of which are in the known productive areas of the North Sea. Fifteen of the sixth round licences are in the Western Approaches, a virgin drilling area where there are oil or gas possibilities. Three are off the Welsh coast where exploration has provided extremely disappointing results to date. And 13 blocks are to the north west of the Shetland Islands in an area which could have large quantities of oil under the seabed, although it does look as though they will be difficult to produce. (The much publicised BP well on 206/8 is believed to be proving the theory that the oil will not flow well under normal reservoir pressures.)

All in all then the Government may be taking a calculated gamble in striving for higher taxation and greater state controls at a time when the UK is still short of its energy self-sufficiency target when the best fields appear to have been found, and when exploration and production activities are becoming more difficult and less predictable.

Ray Dafter will be attending Harvard University as a Fellow of the Center for International Affairs during the coming academic year. Kevin Dore and others will write the Energy Review in his absence.



Joel Barnett—taking a calculated risk.

PARLIAMENT AND POLITICS

Tories plan survey on council house sales

By Philip Rawstorne

THE CONSERVATIVES today launch a pre-election campaign to publicise the party's housing policies.

Council tenants throughout the country will be asked to take part in a survey to determine the demand for the sale of council houses.

Mr. Michael Heseltine, Tory environment spokesman, said: "At the next general election we shall offer a statutory right to council and new-tenants to buy their homes at prices which reflect their position as sitting tenants."

"This will represent a significant improvement on the terms on which they currently buy their council homes, particularly for those who have been tenants for some time."

The Conservative Party aimed to expand home-ownership on a massive scale, he said.

A generous bonus scheme to help young couples in saving to buy their own homes would be introduced as soon as economic circumstances allowed.

Mr. Heseltine, writing in the monthly Conservative News, said that an almost unbridgeable economic gap had opened between council tenant and owner-occupier.

The council tenant was virtually "imprisoned." Every decision depended on the discretion of the local authority.

Mr. Heseltine recognised that despite the home-ownership drive, there would always be a need for rented property. "So we plan to introduce a Tenants' Charter, setting out clearly the relationship and rights of the tenants and local authorities and to involve tenants more closely in the management of their homes."

The next Conservative Government would remove "the uncertainties and deterrents" that hampered the building industry, Mr. Heseltine promised.

"We shall repeal the Community Land Act and modify the Development Land Tax. We shall remove the threat both of nationalisation and of unfair competition from direct labour organisations."

Option to buy promised by Minister

NEW LEGISLATION authorising local authorities to give tenants an option to buy their homes at there they at present own half the freehold, will be introduced "as soon as possible," Mr. Peter Shore, Environment Secretary, said yesterday.

Mr. Shore said in a Commons reply that the Government was keen to promote equity sharing schemes, but at present local authorities had no power to give tenants the option to buy all the freehold at a future date.

The new legislation would put beyond doubt the validity of existing equity sharing schemes that contain an option and enable such arrangements to be lawful in the future.

Callaghan firm in support of Lords abolition

BY IVOR OWEN, PARLIAMENTARY STAFF

ABOLITION OF the House of Lords was assured of a prominent place in the Labour Party's election manifesto by the Prime Minister yesterday in his final question time session before the Commons adjourned for the summer recess.

At the same time, he strengthened expectations of an October poll by contemptuously dismissing the possibility of the Government seeking an alliance with the Scottish Nationalists now that the Lib-Lab pact has effectively ended.

Mr. Douglas Henderson (SNP, Aberdeen) had suggested that the Government was prevaricating over fixing the date of the devolution referendum in the hope of being sustained in office by the votes of Nationalist MPs.

Mr. Callaghan replied: "I must say if I had to rely on the SNP for support, I would run tomorrow."

The Prime Minister firmly endorsed the Labour campaign to secure abolition of the House of Lords, commenting that it had been an aspiration "of many of us" for very many years.

After referring to the constitutional difficulties which had frustrated earlier attempts to abolish the Lords, he stated: "We must always strive onwards and upwards."

Mr. Callaghan was notably more cautious when pressed by Mrs. Margaret Thatcher, Opposi-

tion leader, to say whether he wanted no second Chamber at all.

This raised a different question, he said. There were many examples of elected second chambers.

But the Prime Minister was adamant that the House of Lords—described by Mr. Dennis Skinner (Lab, Bolsover) as the "biggest quango of them all"—was indefensible. He had never found any legitimate authority at all for an undemocratic and unelected chamber.

"I am astounded that Mrs. Thatcher should seek to defend it," Mr. Callaghan declared. "It is not based on democracy about which she prates so much."

He added: "I know of nobody except the reactionary Conservative Party who would defend the unelected House of Lords."

Mr. Callaghan responded in predictable avuncular terms when Tory backbenchers insisted on treating the occasion as his positively last appearance in the Commons as Prime Minister.

He suggested that the voters were likely to be impressed with Labour's many achievements, not least the way the country had been rescued from the "un-governable" position in which it had seemed to be left by the last Conservative Government.

Shore proposes switch of council duties

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

PROPOSALS FOR a "mini-reorganisation" of English local government in order to reverse the sweeping changes made under the 1972 Local Government Act were announced by Mr. Peter Shore, Environment Secretary, last night.

His proposals would mean that responsibility for personal social services, education, roads and traffic, now under the counties, would be handed over to the nine major non-metropolitan district councils.

They are Bristol, Derby, Hull, Leicester, Nottingham, Plymouth, Portsmouth, Southampton and Stoke.

It is also proposed to give all district councils sole responsibility for planning decisions except for a narrow group of specific matters. At the moment, the counties have the planning powers.

Under Mr. Shore's proposals, the districts would still have to pay proper regard to structure plans and county policies and the counties would retain power to refuse planning applications.

In his statement, given in a Commons written answer, Mr. Shore describes these as limited changes to deal with the worst shortcomings of the 1972 Act. The changes would not involve alterations to boundaries and

would not affect Greater London. With the exception of planning, the alterations would only apply where local opinion favoured them.

Further consultations with local authorities will take place and the proposals could only be put into effect by Commons amendments to the 1972 Act. This means the reforms would have to wait until Parliament reassembles in October by which time a general election may have been held.

On personal social services, Mr. Shore states: "We have concluded that the case for transfer to the larger districts which want them is, in principle, strong."

Dealing with education, he says the case for change should be examined individually in respect of each of the nine non-metropolitan districts.

Turning to highway and traffic management, he points out that many of the larger district councils are already involved to some degree. His proposals would mean that they would exercise these powers in their own right while still preserving the counties' responsibility for planning and for the allocation of resources.

His statement applies only to England. Under devolution, the Welsh Assembly will be required to review local government structure in Wales.

ALL-PARTY REPORT SUGGESTS NEW STRUCTURE OF SELECT COMMITTEES

MPs seek power and resources to cope with burden of work

BY RUPERT CORNWELL, LOBBY STAFF

A NEW structure of more powerful Select Committees, backed by bigger resources, and the more sensible use of its time by the chamber of the House of Commons were recommended yesterday.

The call came from the all-party Select Committee on Procedure in a report published after more than two years of work and 68 meetings, against a background of growing public disenchchantment at the way in which the legislature at present operates.

The basic aim of the report, which alone runs to 129 pages, excluding various appendices and minutes, is to make Parliament more effective in its two main tasks of passing legislation and keeping watch on the activities of the executive arm of government.

"We agree that the relationship between executive and legislature is the crucial feature of the functioning of our institutions of government, and we are conscious of the widespread concern about the present nature of that relationship."

The committee argues that its proposals would go a long way towards striking a new balance, not by revolutionary, but by evolutionary change.

The chamber of the Commons, the report says, must continue as the focus of Parliament's legislative and political work. It is at pains to rebut the suggestion that work in committee is preferable per se to work in the chamber.

"Committees are not an end to themselves but a means of securing greater surveillance of the executive by Parliament," it adds.

The increase in the workload of MPs has occurred in almost every area, the report comments. If new primary legislation has risen only slightly between the mid-1940s and mid-1970s, the volume of statutory instruments (delegated, or subordinate, legislation) has trebled.

Some Bills of a technical or non-controversial nature might be sent straight to Select Committees. Membership of a Bill's Standing Committee should be drawn in part from the new Select Committee that would be shadowing the Government department which had produced the measure.

The existing stage of a Bill would be improved by allowing the Standing Committee involved to hold up to three sittings in public to take evidence. Unless otherwise arranged, all Bills would go to these new "Public Bill Committees."

Report stage on the floor of the House would be streamlined by allowing the Public Bill Committee to work in later amendments to the measure. Meanwhile, minimum intervals between Bills stages should be laid down, and restrictions imposed on timetable (or guillotine) motions.

Tighter control would be applied to statutory instruments as they go through the House. Standing Committees should be empowered to consider substantive motions, and the new departmentally-related Select Committees would be given their say.

They would also be free to consider all EEC documents within their field of interest and should be supplied with progress reports about various documents, as well as about Commission proposals on their way through Community institutions.

The Government should provide debating time for consultative documents issued by the Commission and debate on them should normally take place before the Government has given its approval.

Select Committees want the present system of Select Committees replaced by a structure of 12 department-related committees, covering the activities of only of the departments but of nationalised industries and quasi-independent Quangos organisations under the department's umbrella.

The total number of pages of Official Report of the House and Standing Committees rose from 16,763 in 1956 to 24,186 in 1970s, the number of written and oral questions had climbed to 34,000 from 10,000-12,000 per session between the wars.

The proposals the committee admits, are unlikely to produce any drop in the burden of work of Members. They will, however, enable MPs to have proper assistance to their inquiries and rid themselves of much basic routine and preparatory work.

The bulk of the recommendations fall into three main categories: the way the Commons deals with legislation including EEC legislation and statutory instruments, the structure of Select Committees, and the organisation of its sittings.

Speeches in second reading debates should be limited for backbenchers to a maximum of 10 minutes in cases where a large number of MPs want to take part.

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The new committees would cover agriculture, defence, education, science and art, energy, environment, foreign affairs, home affairs, industry and employment, social services, trade and consumer affairs, and the Treasury.

The existing Public Accounts Committee would stay, but the Expenditure Committee would disappear as would those now covering the nationalised industries, immigration and race relations, and overseas development.

Of the new committees, those dealing with home, foreign and Treasury affairs would be able to set up investigative sub-committees. The others would only be able to do so on application to the House. Normal membership would be around 10 MPs.

Each committee would meet eight Mondays per Parliamentary session for debate of Select

Committee reports. Discussions should be on a substantive motion, and Government responses to committee reports would be obligatory within two months.

To break the control of the party Whips, Select Committees should be nominated by a Committee of Selection, and then endorsed by the House. Chairmen should be appointed by the MPs on the various committees, and might be paid an additional modest salary for the job.

More permanent staff resources should be made available, and no limit should be placed on the appointment of "special advisers." MPs themselves should be entitled to personal researchers, paid for by the House, in addition to their secretarial assistance.

The power of committees to send for persons, papers and records should be recognised. An unacceptable refusal by a department to provide information should be considered a matter of serious concern, to be brought to the attention of the House.

Select Committees would be empowered to order the attendance of Ministers to give evidence and to order the production of papers and records by Ministers, including Secretaries of State.

The report would like to see an amalgamation of the Exchequer and Audit Department and the District Audit. The audit should be regarded as servants of the House. The Comptroller and Auditor General himself should be brought more fully under the authority of Parliament.

Organisation of Sittings. The report wants to limit the number of very late sittings by making it impossible for sessions to extend beyond 10 p.m. without a motion carried to that effect backed by at least 200 MPs. Friday sittings would run from 9.30 a.m. to 2.30 p.m. instead of the present 11 a.m. to 4 p.m., but the pattern of recesses should not be fundamentally changed.

However, this passage masks substantial disagreements between factions on the committee over the whole issue of hours of work—acknowledged to be more onerous at Westminster than any other western Parliament.

While the number of sitting days has stayed little changed since the war, the number of sitting hours has climbed from an average of 1,116 hours between 1946 and 1965 to 1,690 hours between 1966 and 1976. On average, sittings extend 12.06 a.m. now compared to 11.21 a.m. after the war, and the theoretical end to the day's business at 10 p.m. At the same time, early finishes are much fewer.

However, a radical proposal backed by the majority of Labour MPs on the 16-man committee was rejected, on the strength of the chairman's casting vote, after 66 yeas. This called for a full-time professional system.

In the end, the report merely states that "the work of an MP should be a full-time job, particularly if the proposals of this report for increasing Parliamentary scrutiny of the executive are accepted. We believe that the arrangement of sittings to enable Members to pursue outside employment conflicts with our idea of a modern and effective Parliamentary system."

"While we have been unable to put forward specific proposals to reflect this view, we do not believe the business of the House should be arranged on the contrary assumption," the MPs declare.

First Report from the Select Committee on Procedure, HMSO, £3.25.

Canvey hazards report confirms worst fears, says Tory MP

CANVEY ISLAND is at risk of repetition of the Spanish tanker explosion thousands of times over," Sir Bernard Braine (C, Essex SE) said in the Commons yesterday.

He was attacking plans to set up a new oil refinery at nearby Thurrock. Already there were 58,000 movements of hazardous materials a year on Canvey's roads. "The proposed refineries would add another 65,000. We have just seen in Spain what can happen when one liquefied gas tanker blows up."

Sir Bernard said that a long-awaited report of the inquiry into the hazards had not only confirmed the islanders' worst fears, but had uncovered other

the proposed oil refinery development could proceed, subject to certain improvements. "That is a lunatic conclusion," Sir Bernard argued.

Mr. Guy Barnett, Environment Under-Secretary, said an exploratory inquiry was started in 1974 into whether permission for an oil refinery on the west side of Canvey Island should be revoked.

Now that the report of the Health and Safety Executive had been received, it had been decided to re-open this inquiry, which had been suspended during the investigations.

The picture presented by the Health and Safety Executive, of Canvey Island, the report

took the view that nothing could happen in the industrial installations which would hurt anyone outside.

Mr. Barnett said that the team had identified various ways in which risks could be further reduced and talks were going on with senior management to secure improvement.

The report had concluded that subject to the satisfactory outcome of the discussions, existing installations should not be required to cease operations.

Paul Taylor writes: Essex County Council is to decide in the autumn whether, in the light of the Health and Safety Executive report, it should oppose a raise in people living in industrial or housing development in the Canvey area.

Police "will uphold law in immigrant areas"

IT IS A job for the police and not vigilante groups to uphold law and order in immigrant areas, Dr. Shirley Summerskill, Home Office Under-Secretary said in the Commons yesterday.

Mr. Robert Adley (C, Christchurch and Lymington) said it would be much better to ridicule or ignore the National Front, to set up vigilante groups, as suggested by Mr. Peter Brabin and the Anti-Nazi League, only escalated the situation.

Dr. Summerskill said the police did not know of any such patrols.

Treforest Industrial Estate, Pontypridd, Mid Glamorgan CF37 5UT. Telephone: Treforest (044 385) 2666. Telex: 497516.

WALES II

Unemployment takes a firmer grip

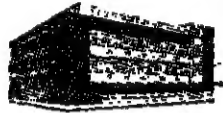


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Tourism is continuing to expand and to provide new employment throughout Wales. The Wales Tourist Board has several exciting and challenging projects in hand, such as developing the industrial heritage of the Valleys of South Wales into a major tourist attraction in the 1980's. In Blaenau Ffestiniog the slate caverns and associated narrow gauge railway have already become outstandingly successful attractions.

According to the British National Travel Survey for 1977, Wales continued to increase its share of the British holiday market, taking 15%, second to the West Country at 18% but ahead of Scotland at 12%. Visits to Wales by overseas tourists are increasing more rapidly.

To take advantage of all the opportunities now presenting themselves we need investment in new and improved accommodation and facilities. The Wales Tourist Board may be able to help with grants or loans. WTB cash incentives have already helped to build well over 5,000 new hotel bedrooms in Wales.

We would be delighted to tell you more about the opportunities for investing in Wales' fastest growing industry. Why not get in touch with us?

Harold Naylor, Chief Executive,
Wales Tourist Board
Brunel House
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WHEN FORD announced, just a year ago, that it had chosen Bridgend as the site for its £180m engine plant it was as if Father Christmas had arrived in Wales prematurely. The thought of all that money being pumped into the economy and all those jobs—at least 2,500—being created led to a jump in confidence. Sadly, the quickened pulse rate occasioned by Ford quickly subsided. The closure of the East Moors steelworks in Cardiff, where 3,100 people, most of them men, have been laid off this spring, together with the ending of steelmaking at Ebbw Vale with the loss of some 2,000 jobs, and the postponement of the British Steel Corporation's investment programme at Port Talbot have depressed an economy that is static.

Wales is haunted by unemployment at the moment: the figures are now at their worst for 40 years. In Cardiff, which will suffer worst, it is probable that the redundancy payments coming just before the summer holidays will have cushioned the blow for a while. But the figures for the country as a whole are rising inexorably. They have reached 98,000 and are virtually certain to go over 100,000 this month. It is a depressing outlook.

Steel is the major problem because it plays such an important part in the Welsh economy. It accounts for around a third of the output of manufacturing industry, a proportion that is higher than all but a few other heavily industrialised parts of the UK.

Coming to terms with the 1980s in steel terms has been the most traumatic lesson for Wales this year. Until the early part of the year it had been hoped that the known, and inevitable closures would be offset by expansion at Port Talbot. Now even major development programmes are having to be carefully re-evaluated.

Before the crisis earlier this year BSC was aiming to pare back its workforce from 57,700 in 1976 to 50,000 by 1980 and by a further 5,000 to 10,000 by the mid 1980s. Those projections have now gone by the board: what the eventual shape of the steel industry will be is still almost anyone's guess since

the steel crisis is international in dimension. What is clear is that the industry in Wales will have to adjust to this new dimension in the same way as the coal industry had to readjust in the decades after 1950 when its workforce came down from 150,000 to around 30,000 employed now.

Much of the problem in Wales, as in the other heavily industrialised areas, is that jobs have been taken from men and created for women. Between 1985 and 1975, for instance, and the trend has continued, the number of men in work fell by 13 per cent while there were 19 per cent more women employed.

The various Government schemes to alleviate the depression have been invaluable in helping to hold up the economy. The job creation programme has given rise to 14,000 jobs and last year over 6,000 people benefited from the training opportunities scheme. Another 4,500 young people joined work-experience schemes and 4,000 received Manpower Services Commission training in industry or colleges.

Missing

Despite this gloomy overall picture there are bright spots within the economy. The level of inquiries is rising and the official picture from the Welsh Office is that there is a slight, but perceptible, upturn in the economy. This reflects what is happening elsewhere in Britain, especially in the important West Midlands. What is missing is an air of confidence among firms that this upturn will be sustained. Partly, firms are adopting a wait-and-see attitude before taking on more staff though they are inhibited by the protection that the Government has given employees to fight dismissal notices through industrial tribunals.

Ford is by no means the only company to announce an expansion plan, though it dominates through its sheer size. Other companies which have announced or recently completed an upgrading include Girling at Ebbw Vale, Hoover at Merthyr, Monsanto at Ruae-bon, Alcoa at Swansea, the Anglesey Aluminium on board: what the eventual shape of the steel industry will be is still almost anyone's guess since

by Gulf and Texaco costing £280m and the other by Amoco and Murphy on a smaller scale costing £75m. In addition, there is a £4.5m plan to enlarge the dock facilities at Pembroke Dock to accommodate B+I Line which is switching its ferry services to Cork away from Swansea.

On top of this the Welsh Development Agency is conducting an aggressive programme of advance factory building to create units available in advance for potential industrialists. The first large-scale site was at Wrexham but an even bigger operation is to be undertaken in Cardiff at East Moors. The Agency has been given an extra £13m to spend in Cardiff over the next three years (a similar sum has been allocated to Ebbw Vale) and much will go on providing factories on this site.

The Agency has been greatly aided in its work on this site by the operations of the Land Authority for Wales. Land tenure in Cardiff is greatly complicated but the Authority through its powers, has been able to cut through legal difficulties with the minimum of fuss.

The work of the WDA, from its Treforest headquarters, has been complemented throughout mid-Wales by the young Development Board for Rural Wales. Within this scattered area the Development Board has been given some of the functions of the WDA, especially those concerning advance factories. It has stimulated firms to come in and encouraged those already in to grow. But what it has found is that the Welsh are not a race of self-starters in business. A drive towards entrepreneurship is lacking throughout the country so that the lead invariably has to be given by one or other official body.

This particular aspect of the Welsh has not deterred foreign firms from establishing operations in the country. Scotland has caught the eye, in public relations terms, in attracting overseas concerns to the point where Welsh successes have recent past.

been overlooked. The Development Corporation for Wales, which has conducted a campaign in Europe, America, Japan and Australia, has successfully "sold" Wales as a base to more than 130 foreign companies.

Of those, at least three quarters are American. Wales also enjoys the fact that it has four of the seven Japanese concerns operating in the UK—Sony, Matsushita, Takiron and Sekisui. There are high hopes, too, that another entrant—Mitsubishi—will shortly choose a site on the outskirts of Cardiff for a European lorry assembly operation.

Service

If it does then it will boost the car-components sector of the economy which has grown so rapidly in the past 10 years. In addition to Girling, others in this sector include Ford, Fram Europe, Smiths Industries, Cam Gears, Borg Warner and Aeroquip and it is now the second most important manufacturing industries.

The most important employer in the service sector, with a heavy preponderance of civil service jobs, from being a land of heavy industry workers—coal, steel, docks, slate, petrochemicals—Wales is now a white-collar country, with probably two out of every three employed in administration, education, tourism or the like. In theory this should provide more stability for the economy, though it is unlikely to do so until the economy picks up the nasty pools of unemployment to be absorbed.

When that happens further growth will be aided by the very considerable programme of road building which has taken place over the past few years. Mr. John Morris, the Welsh Secretary, has placed great importance on this aspect of policy and has fought for his programme through the various public expenditure cuts which have been a feature of the

The result is that the motorway, which has done so much to stimulate the economy of south east Wales, and which played an important part in the Ford decision over Bridgend, will be virtually completed by the early 1990s. At the same time, missing links on the heads of the valleys road will be filled in and the plea of the Confederation of British Industry that the infrastructure should be improved will have been met.

While South Wales might get the limelight equally important work is being planned for North Wales, particularly around Wrexham and along the A55 which links the coastal towns and acts as a feeder for Holyhead from the industrial north-west of England.

Other improvements which have contributed to the economy include the introduction of an air service by Air Wales which links north and south with Europe, greater spending on hotels, and more tourists, particularly those from Europe, visiting the country. For the past few years it has been impossible, metaphorically speaking, not to bump into a Swedish car, or one from France, Germany, Denmark or Holland.

Even so, a lot needs to be done. With the exception of Northern Ireland, Wales has the lowest income per head of any part of the UK and gross domestic production lags behind much of the rest of the country. Wales produces just 88 per cent of the national average. If the Welsh economy is really to flourish there is still a long way to go. The important thing is that the foundations are being laid for an economy which will be able to meet the needs of the end of this century. This may not seem a very appropriate conclusion but given the enormous changes that have taken place over the last 30 or so years it is really a very large step to have taken.

Anthony Moreton

Changing Cardiff

THERE ARE three myths concerning Cardiff. The first, held by a few people even now, is that it is a coal town, overlain with the dust of the pits and where the unsuspecting visitor is liable at any moment to turn a corner and fall over a load of coal dumped on the pavement. The truth is that Cardiff has never been a coal town in that sense; I don't know how near the nearest colliery was in the days when South Wales shipped its coal to the four parts of the compass but the five nearest today is probably the best part of 10 miles away. You would have to look very hard now for signs of the coal on which Cardiff's Victorian prosperity was built.

In its heyday Cardiff was a coal merchanting city. Its offices and middlemen shipped the stuff from places like Pen-y-graig and Pontypridd, and Tredegar, and Aberdare and they probably only saw the stuff when they burnt it in their grates. Fortunes were made out of coal, and not only by the colliery owners up the valleys. The bargemen, who brought it down on the canal, the accountants, the trimmers, the stevedores, the harbour masters and countless others all shared in the prosperity in greater or lesser degree.

But those days ended in that hot summer of 1914 and Cardiff was never to recapture the grandeur that it had had for perhaps 30 or 40 years when the world wanted, desperately, and admire, much as later planners in any quantity. After the war there was the depression, and when times were not catastrophic the bitter struggles between the mine owners and the mineworkers sharply cut the worst of this, because its task was to sell coal, but in the valleys conditions were little short of desperate. Men stood on street corners like groups in a Lowry painting; shops were boarded up; depression was everywhere, especially in men's faces.

Evidence

The ghosts of Cory and Reardon Smith and Guest Buta must be stirring uneasily in all this. Fortunately, enough evidence remains in the central heart of the city as reminders of what things were like. Apart from the civic centre, once claimed to be an architectural masterpiece to which other architects were brought to gaze and admire, much as later planners were taken to Roehampton in London to see what housing estates were all about in the brave new world of the 1950s, the centre of Cardiff is a stone-built city. The houses and shops and pubs and public buildings are built of stone and have therefore stood. They may have needed a certain updating internally, but they have stood as monuments to their creators. The only brick-built buildings—shops were boarded up; depression

Development in Wales

During the past 18 months the Land Authority for Wales has disposed of land for residential, industrial and commercial development throughout the Principality, in particular, at or near the following centres:—

Cardiff; Swansea; Bridgend; Neath; Llantrisant; Wrexham; Connaught Quay and Llandudno.

In the near future the Authority will be marketing further development land. In the meantime, owners (or their agents) of land for sale, suitable for any of the categories of development mentioned above, are asked to contact the Authority's area office at the following addresses:—

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Brunel House
Fitzalan Road
CARDIFF CF2 1SQ
Tel. Cardiff (0222) 499077

Land in the Counties of West Glamorgan, Dyfed and the District of Brecknock

AREA OFFICE (SOUTH WEST)
20a King Street
CARMARTHEN Dyfed SA31 1BH
Tel. Carmarthen (0267) 32471

Land in the Counties of Clwyd, Gwynedd and the Districts of Montgomery and Radnor

AREA OFFICE (NORTH)
33 Grosvenor Road
WREXHAM Clwyd LL11 1BT
Tel. Wrexham (0978) 57133



LAND AUTHORITY FOR WALES
AWDURDOD TIR CYMRU

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One man's Eisteddfod

IN 1864, when the Eisteddfod was held in Llandudno, a newspaper correspondent wrote thus of a speech by one of his contemporaries: "He proved three things. First, the right of every Welshman to enjoy madness, at least once a year—during Eisteddfod week. Second, that the dear old Welsh language is at death's door, and third that all you lazy Welsh scoundrels should learn English, otherwise your fate will be rags and porridge."

My Eisteddfod madness started in 1915 when at the age of eight I was taken to Bangor. It was taken to Bangor, in by my grandmother to see the Gorsedd of the Bards performing in their stone circle in the Snowdonia, has many peaks—shadow of the new University of North Wales. I had the idea what a Gorsedd, a bard, or an eisteddfod were but I did not know my Bible and ours was illustrated. I knew Adam, Cain, Abel, Moses, Joseph, Jesus, and Aaron complete with mitre, breastplate and rod. So imagine

my delight when there in Bangor, on a massive slab of stone, stood Aaron in a long robe, of a speech by one of his contemporaries: "He proved three things. First, the right of every Welshman to enjoy madness, at least once a year—during Eisteddfod week. Second, that the dear old Welsh language is at death's door, and third that all you lazy Welsh scoundrels should learn English, otherwise your fate will be rags and porridge."

Competition

On my way to Cardiff I shall pause by his statue in that hill village, where the great modern power station is, and look across the fields to his home where the pilgrims still go to stare at the saddest of all Eisteddfod chairs. In Barry in 1920 I won a silver medal for three poems in the children's competition. I was 13 and the adjudicator

prophesied glory which proves that even eminent Welsh scholars can be wrong. They sent the medal by post. I have since lost it.

In 1931 I became an eisteddfodder (a follower of the Eisteddfod). The Eisteddfod was at Caernarfon. It was held in a massive pavilion which had been built for the 1877 Eisteddfod and had developed into "the political and cultural Mecca of Gwynedd." Lloyd George made his famous "back-woodsman" speech there in 1909: the great singers and great divines filled the pavilion. Blodion walked above it on a wire rope and when F. E. Smith came to attack their beloved Lloyd George hundreds of quarrymen walked around and around its perimeter trailing each one his cudgel against the corrugated sheets. No one heard Lord Birkhead. It was there that I saw for the first time the massing of the bards for the crowning and chairing ceremonies and listened in rapturous astonishment to an adjudicator persuading us with his golden voice that the winning poem was indeed the finest ever written. His voice in those pre-microphone days penetrated to every corner of the huge pavilion and I have often felt that had he chosen to recite one of the multiplication tables he could well have persuaded us into accepting it as the winning ode.

written on its side. I was in the bus.

From Bangor in 1915 to Cardiff in 1978 is a lot of Eisteddfodddau. Glorious, joyous, proud, tragic, quarrelsome and funny Eisteddfodddau. The language of the platform is Welsh. In Germany it would be German, in France French. There is nothing sinister in that. There is an instant translation system into English.

But the Eisteddfod has a problem. It now costs half a million pounds each year, so how can towns like Cardigan or Caernarfon hope to invite the festival in the future? How indeed can Caernarfon cope next year? Fortunately Mr. John Morris, Secretary of State for Wales, persuaded the Treasury to give £200,000 towards the capital cost of the pavilion and another £75,000 to move it from Cardiff to Caernarfon. But a generous once-and-for-all grant does not solve the annual problem.

Unique

I know the answer but no one listens. This folk festival, unique in the whole world, is a peripatetic further education college and ought to be fully grant aided by the Department of Education and Science. It produces an annual syllabus: it attracts four to five thousand students in literature, drama, music, arts and crafts. Its adjudicators are eminent in their several spheres.

The Gorsedd holds its own examinations in poetry and music and awards its degrees on the Eisteddfod field in as colourful a ceremony as that of any university. The Eisteddfod is a college and should be grant-aided as such.

For one week in August the whole of Welsh Wales is crammed into one large pavilion in one large field. Imagine one whole week of the last night of the Proms.

What will eventually become of the National Eisteddfod? It may seem to the uninitiated a circus, and to the rabid secessionist a far too respectable cultural establishment. But as Cysan (the famous archdruid on the poster) used to say: "Little dogs may bark but the caravan moves on."

I. B. Griffith

A busy time for the politicians

WALES STANDS on the brink of a year of unprecedented political activity. In the autumn, almost certainly a General Election, followed sometime in the spring by the devolution referendum, district elections in May and direct elections to the European Parliament in June. And if Wales does back its proposed Assembly, then "direct elections to Cardiff" are bound to follow soon after that.

The General Election will almost certainly be dominated by the usual bread and butter issues of the British political scene—inflation, jobs, management of the economy—but the Welsh Assembly and European campaigns promise to produce a more fundamental debate about the real meaning of democracy, political accountability and nationhood and Wales' relationship with the UK and Europe.

Poll

Looking at the prospects for what everybody now assumes will be the first contest—an autumn General Election—there is certainly no aroma of dramatic change in the Mr. Cross-voting may produce the odd upset in one or two of the 36 Welsh constituencies, but nobody will be at all surprised if Wales returns to Westminster its present complement of 23 Labour, eight Conservative, three Plaid Cymru and two Liberal MPs, plus the Speaker, Mr. George Thomas, MP for Cardiff West.

Strengthening this view is a recent BBC-commissioned poll which showed Labour as holding its broadly 50 per cent share of the Welsh vote, evidently undented by the highest unemployment in Wales for 40 years. The same poll also indicated unchanged support for Plaid Cymru compared with the last General Election, but a sharp increase for the Conservatives and an apparent collapse of support for the Liberals.

But taking the Liberals first, nobody in Wales for one minute expects Emyr Iwan in Mont-

gomery and Geraint Howells in Cardigan therefore to lose their seats automatically. Both represent rural constituencies in which personality and tradition are important, whatever the polls may say. Emyr Iwan is regarded as safely entrenched in the power base of the former Liberal leader, Clement Davies, for as long as he wishes to stand. Geraint Howells, who won back Cardigan for the Liberals in 1974, after an eight-year period in Labour hands, is less secure, but he has nursed the constituency assiduously and is generally expected to hang on to the seat.

Again, despite the Conservative's greatly improved poll showing, it is still felt they will be lucky to translate this into an actual increase in seats. Top of the Tory list of hopefuls are Brecon and Radnor, and Swansea West, and given a negligible showing by other opposition parties and a significant drop in the Labour vote, they could conceivably capture these two seats from Labour. But, at the moment, nobody is putting much money on it.

As it happens, the Conservatives are also nursing the smallest majority in Wales, where, in Pembroke, Mr. Nicholas Edwards, the shadow Welsh secretary had a 772 majority in 1974. But having weathered the 1974 Liberal revival and a very strong assault by Labour, still increased at the loss of Desmond Donnelly's old seat, he is expected to win again this time round.

Plaid Cymru too looks superficially far from secure, particularly the party President, Mr. Gwynfor Evans, who regained Carmarthen only in October 1974, after falling by three votes to regain the seat from Labour the previous February. But as with the Liberals, the combination of the personal vote, strong devotion to constituency affairs as well as the Nationalist cause, and a professional, enthusiastic constituency organisation, is expected to ensure the return of all three Plaid MPs to Westminster again.

Plaid's big wish is for a breakthrough in the industrial valleys of South Wales. It has put the wind up the Labour Party on more than one occasion since Gwynfor Evans' first victory in 1966, and two years ago achieved the symbolic advance of winning control of the district council of Kier Hardie's old seat of Merthyr Tydfil. But most recent evidence, including local council by-elections, suggests the Nationalist tide has been checked, at least for the time being.

The dominant factor in Wales' political geography remains the large majorities enjoyed by Labour in many of its constituencies, enabling the party to weather swings and unpopularity which sends seats crashing in England and Scotland. There is simply no sign of that dramatic change in mood required to alter significantly the present number of Welsh Labour MPs at Westminster.

At least three months must pass between the General Election and the Assembly Referendum, under the terms of the Wales Act (it received the Royal Assent this week). This means January at the earliest, but most expect whichever government is

Voting

With district council elections to follow in May, the question arises whether Wales will, by then, be suffering from democratic indigestion or exhaustion, resulting in a very low turnout in the European elections. The question is an important one because, looking at recent Westminster voting patterns, all four Euro-constituencies in Wales appear cast-iron safe seats for Labour. An exceptionally low turnout, on the other hand, could make the contest in one or two of the constituencies less than a foregone conclusion.

Robin Reeves

Cardiff

CONTINUED FROM PREVIOUS PAGE

since collapsed or been pulled down.

The second myth is that it is an English city; a monoglot city, and indecision. Compared with other cities like Newcastle or Swindon, Cardiff has been hampered by the best part of two decades by an inability to decide on how to develop its centre. The result has been a sharp little correspondence, as I remember, in the evening paper when a shaft group of people wanted the street's names changed from Welsh into English. They were defeated; and the tide turned. The Pen-y-dre and Heol-y-dre and Heol-y-felin remained just when the stream of Welsh consciousness that was becoming more noticeable in the rest of the country spread into what was, by now, officially the capital.

Since that administrative act in 1954, Cardiff has become a lot more "Welsh." Outwardly, street signs are in English and Welsh, as are many direction signs. There are Welsh bookshops and Welsh plays and it is possible to educate children in Welsh. The buses have City of Cardiff on one side and Dinas Caerdydd on the other.

Of course, this is not Cardigan or Conwy, nor even Swansea. The visitor will not run into Welsh at every turning, but it is difficult to go away from the city without having tasted it at some point.

If much of this has happened since the Eisteddfod was last held in the city, in 1960, then the intervening years have also been a period of uncertainty and indecision. Compared with other cities like Newcastle or Swindon, Cardiff has been hampered by the best part of two decades by an inability to decide on how to develop its centre. The result has been a sharp little correspondence, as I remember, in the evening paper when a shaft group of people wanted the street's names changed from Welsh into English. They were defeated; and the tide turned. The Pen-y-dre and Heol-y-dre and Heol-y-felin remained just when the stream of Welsh consciousness that was becoming more noticeable in the rest of the country spread into what was, by now, officially the capital.

Heart

One scheme after another was put up, plans were cast aside or redrawn; all the while a rather seedy air permeated much of the heart of the city. This hiatus held back Cardiff's redevelopment at a time when its confidence needed developing rather than undermining. Was it coincidence that the big major development within the city, to the Arms Park, was taking place at the same time as Wales was seeing a second golden era on the rugby field? Was it a coincidence that the first golden era had been in the heyday of Cardiff's industrial pre-eminence in the early years of this century?

Fortunately, though, in all the too-long and too-frog one of Cardiff's unique features has been left intact. Cardiff has more shopping arcades than any

other city in the world. It has eight in all, proving that the Victorian planners knew a thing or two about segregating pedestrians from traffic long before "planning" became a cult word.

Now, however, the years of indecision are over. Queen Street, one of the city's two major shopping streets, has been turned, very successfully, into a traffic-free piazza. Rebuilding is going ahead strongly. Woolworth and Marks and Spencer are expanding. W. H. Smith is moving into a much larger home. Debenhams is building a new store. A concert hall is envisaged. The area is alive.

Despite the closure of the East Moors steelworks, which has sent up the rate of unemployment among men to 10.9 per cent, there is still a greater degree of hope about today than has been obvious for some years. Trade in the docks, a long-depressed area, is picking up, there are hints that Mitsubishi might be about to join Mitsubishi in the city, house prices have held up well. Next week's visitor to the Eisteddfod may not see all that much difference on the surface from his last visit in 1960, but it is there.

The third myth is that, in Cardiff as in the rest of Wales, everyone sings like an angel. I prefer to believe this.

Anthony Moreton

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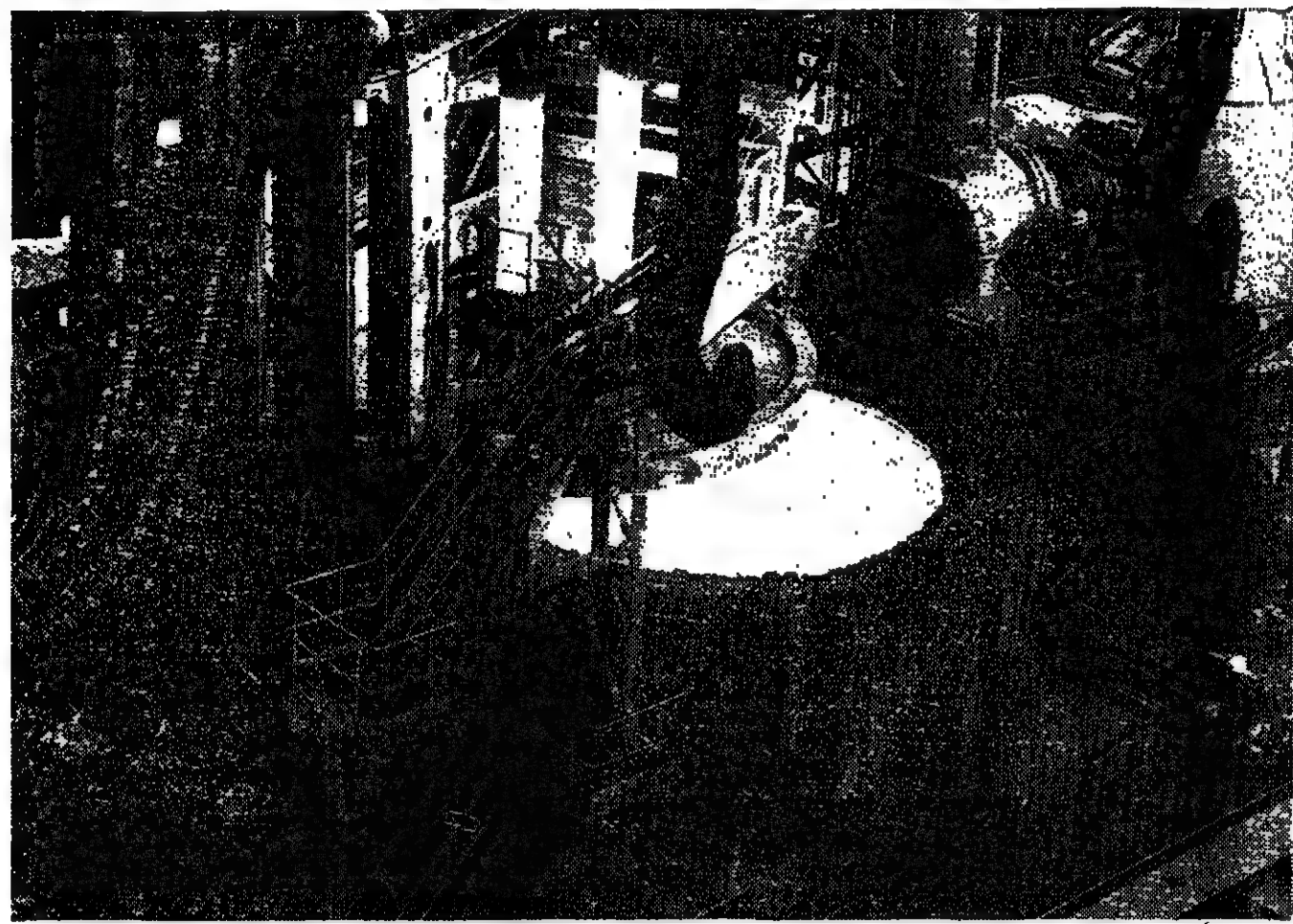
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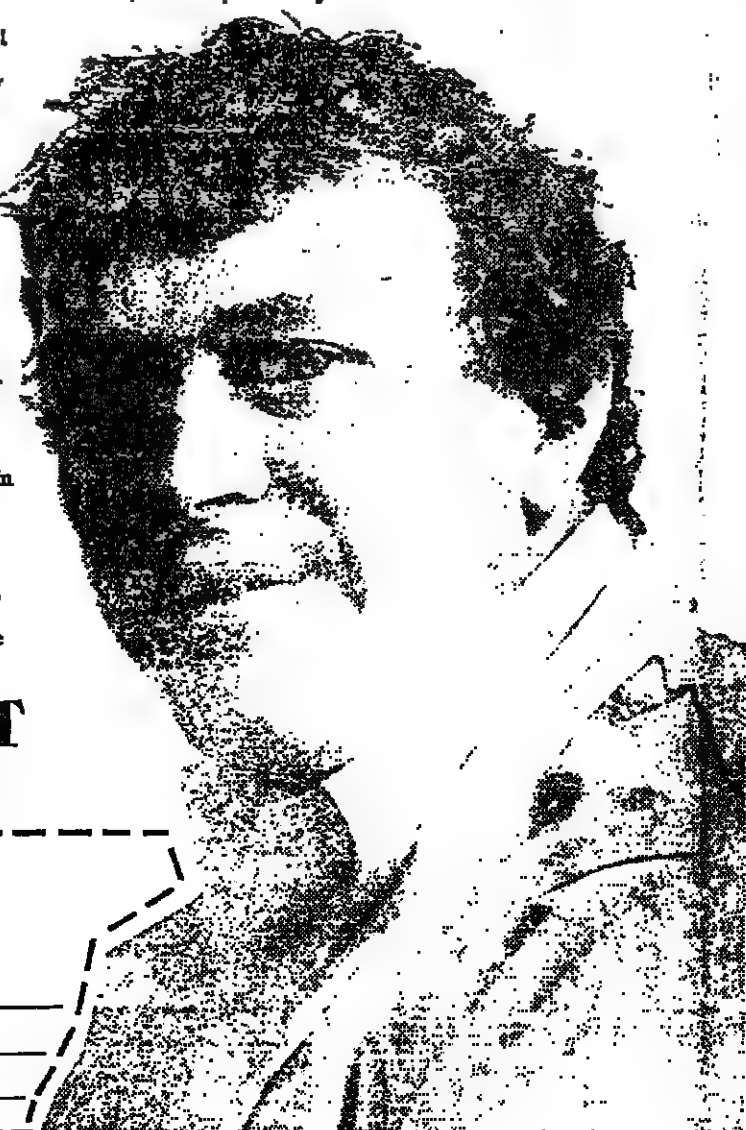
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LAST WEEK'S Government decision to give the go-ahead to a Welsh language service on the fourth channel in Wales is, by any standard, a significant event in the history of Wales' national culture. Historians are agreed that Welsh was originally saved from extinction four hundred years ago by the decision of the then Government - of Elizabeth I - to have the Bible and Book of Common Prayer translated into Welsh. Combined with the Protestant Reformation, this ensured that Welsh did not slowly degenerate into a peasant patois, but continued as a rich living language of literature and learning.

It would be exaggerating greatly to suggest that the Welsh language channel is going to have the same effect. But certainly the decision marks the most tangible recognition of the needs of the Welsh-speaking community by any government in recent times. And many in Wales have long argued that provision of a comprehensive Welsh television service is one essential ingredient if the language is to survive and prosper.

Just as Welsh flourished as the Welsh Bible found its way into every Welsh-speaking home, so it has come under increasing pressure, particularly among the young, from the spread of television. For the past 30 years every Welsh home has effectively played permanent host to a highly articulate, entertaining and predominantly English-speaking guest - with inevitably damaging consequences for the national culture.

That said, the present Government has not shown unseemly haste in securing its place in Welsh history books. The early 1980s Pilkington report on the future of broadcasting warned that unless there were programmes in Welsh at peak viewing times, the Welsh language and culture would suffer irreparable harm. Since then, there have been numerous other official reports and countless conference resolutions all calling for a Welsh language channel to be established as a matter of urgency - and, of course, the direct action campaigns of the Welsh Language Society, resulting in dozens of Welsh men and women going to prison.

Complaints

Within the non-Welsh speaking majority too, there have been constant complaints at the sprinkling of programmes on existing channels which they don't understand. Yet despite this constant social friction, the Government failed to act, pleading poverty.

The ideal solution would be an extra channel for Wales but in the circumstances last week's decision is being welcomed not least as the end of years of debate. There is the nagging doubt that if the Conservatives are returned to office in the autumn, the whole issue will be back in the melting-pot, but a further period of indecision is something that nobody wishes to contemplate.

Under the Government's proposals the new Welsh service will occupy peak viewing times on the fourth channel, for initially 20 hours a week starting in the autumn 1982. It will be supervised by a new body, speaker and non-Welsh speaker the Welsh Language Television Council, and be programmed jointly by BBC and HTV. It will be bound to make use of a certain amount of dubbed material, but both programme suppliers are anxious to produce as much original material as they possibly can within the budgetary limits.

Finance remains a problem. The White Paper is somewhat vague, though the overall scheme is less ambitious than environment. Another aspect was proposed three years ago. It is a tremendous upsurge in the

It means in particular that there will have to be less drama and light entertainment, the kind of expensively produced fare which is very important if the new service is to attract a good audience in competition with the other channels. But for the time being at least the mood among the broadcasters is that having at long last been given the go-ahead, they are determined to make a success of it.

The new Welsh channel highlights the enormous change which has taken place in the status of the Welsh language in recent years. Less than 30 years ago a casual visitor to Wales - certainly South Wales - would have hardly been aware of the country's own language which is the day-to-day tongue of well over 500,000 of its inhabitants. Welsh was kept very much "under the hatches," confined for the most part to the hearth, the chapel and the Eisteddfod.

Today, anyone crossing the Severn bridge is immediately greeted by bilingual road signs that are gradually springing up all over Wales. Booking into his hotel, he is likely to hear the Welsh language radio service steadily expanding on the VHF network, and perhaps even be handed a bilingual menu at dinner.

Most Government departments, local authorities, nationalised industries and official bodies in Wales all now operate some kind of bilingual policy; though the degree of implementation varies greatly from one organisation to another. Only Gwynedd County Council operates a completely bilingual policy in its administration.

In the private sector banks have been in the forefront of a noticeable trend towards giving the Welsh language greater recognition. Most issue bilingual cheque books, publish information literature in Welsh as well as English, and have long operated a policy of appointing Welsh-speaking managers in Welsh-speaking areas.

More recently, Welsh has started to appear side-by-side with English in displays in an increasing number of retail outlets. This is a small but important gesture of psychological support in preventing the spread of what has been described as Wenglish - the use of English words when perfectly good, or even better, Welsh words exist.

Understandably, the number of enterprises which actually conduct all their internal business through the medium of Welsh are rare, though they do exist. One is Urd Gobaith Cymru, the Welsh League of Youth, whose various activities are responsible for a turnover of over £500,000 a year. Another is the successful Welsh record company, Sain.

To the outsider it may seem paradoxical that this greatly increased recognition should have come when the language looks to be dying. Whereas a century ago, the vast majority of Wales was Welsh speaking, between 1961 and 1971 the proportion of Welsh speakers slumped from 28 per cent to little more than 20 per cent of the population and few doubt that the next census will show a further drop.

But it is just because its survival is in doubt that Welsh speaker and non-Welsh speaker alike have woken up to the realisation that the very foundation stone of "Welshness" is in danger and that its demise will be an immeasurable loss to all.

The demand for a Welsh language broadcasting channel and bilingual signs are just part of the response to the crisis - a recognition that the language cannot hope to prosper in a pre-vague, though the overall scheme is less ambitious than environment. Another aspect was proposed three years ago. It is a tremendous upsurge in the

learning of Welsh. It has developed into a veritable industry in Wales, with even businesses sending volunteers on the variety of well thought out intensive courses which have now been developed. There is also a burgeoning demand among English-speaking parents for Welsh medium nursery, primary and secondary education - often presenting a severe strain on the already-stretched education budgets of local authorities - and a very brisk trade in and increased support for Welsh books, records, and community newspapers.

Pressure

Obviously, all this pressure in favour of the language has not passed without any kind of backlash.

But whereas the old cry was that an upbringing in Welsh would hold children back in life, now proponents of Welsh medium education are sometimes accused of elitism. Obviously there are sensitive areas, notably Welsh language qualifications for jobs, but all the evidence suggests that the vast majority of people in Wales are behind efforts to foster the language.

What has been lacking - and in many ways still is - is a comprehensive framework. Two

months ago the Welsh language Council, in its final report, called for the Government to support the aim of eventually creating a fully bilingual Wales.

Pointing out that membership of the European Community makes the English monolingual tradition somewhat outdated, it urged a whole battery of Government-backed measures aimed eventually at giving Welsh the same place in Welsh society as is now enjoyed by English. They included the Welsh television channel, financial assistance to local authorities towards the additional costs of implementing bilingual education, and a permanent body to support and promote the increased use of language, and dispel myths about the dangers of bilingualism.

The cost is put at £18m at current prices. The Government has made a start with the fourth channel, but the signs are that most of the recommendations will be left until the devolution referendum is out of the way.

This is just the kind of issue for debate in an all-Wales elected body - of practically all interest to the rest of Britain - and it will clearly be one of the first items on the agenda should the assembly come into being.

Robin Reeves

Federated Construction Merchants Group Ltd.

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Management

Why a French motor giant is planting sugar cane

By DAVID CURRY IN PARIS



René Meesmaeker, not happy with the word "diversification."

THE SILK-COTTON tree looks monumental. Its fleshy trunk pushes vertically into a sky of piled-up clouds while near its base it fans out into a series of buttresses anchoring it to the ground.

But the impression is misleading: the tree is virtually rootless, and a nudge from a Japanese or American bulldozer sends it crashing down.

At Borotou-Koro hundreds of trees and bushes have been bulldozed into heaps and left to dry for burning. The land has been cleared and sugar cane is spreading a dense pampas of green between the irrigation pipes.

Borotou-Koro is one of six sites in the Ivory Coast being developed for sugar plantation and processing. It is a vast construction site. The clearing of the forest, planting, building of houses, power installations, processing plant and irrigation equipment employs 2,000 people and the finished 15,000 hectare complex could well support a population of more than 10,000 in a part of the country from which disease had driven away all but a handful.

All but a handful of the concerns working on the project are old hands like Babcock-Wilcox which is building the processing factory. But for one concern, Adra, the operation has a special significance. It is its first project.

Adra is the project manager for the turnkey factory, land preparation and irrigation, construction of the farms around which the complex is organised, the electrification of the site and industrial complex. It is responsible directly or via subcontractors for some 400m (£247.1m) of work and supervises some 800m (£494.2m) of investment.

Adra represents the first move of Renault, the Frs 500m (£31.8m) a year French motor giant, into the agro-food business. It is 50 per cent Renault-owned, with the remainder held by the state institution Credit Agricole, SCET which is an offshoot of the state body the Caisse des Dépôts, and Gersar, a regional development body with particular expertise in irrigation.

The company has already won a second contract, worth Frs 88.7m (£7.5m), to take charge of the conversion of 1,800 hectares of land near the Upper Volta frontier to produce tomato concentrate and fruit.

The move into the agro-food business is part of Renault's policy of seeking new applications for its traditional engineering skill in the motor industry. Although the group's reputation rests on cars, a considerable

chunk of the business does not run on four wheels. This industrial division, which embraces most of what is neither cars nor commercial vehicles, and accounts for about 11 per cent of Renault's sales, is run by the 54-year-old René Meesmaeker, an engineer in his 21st year with the group.

One of his earlier jobs, without the faintest contamination of accountancy qualifications, was director of accounts and the budget. Then, 12 years ago, he created the central co-ordinating machinery to pull together the non-motor business.

Two years ago, when the Renault command structure was changed, Meesmaeker became the formal head of Renault Entreprises Industrielles. Like his boss, Bernard Verrier-Paillet, Meesmaeker is a bulky, reflective, deliberately-spoken man. He is not happy with the word "diversification". He complains: "It implies a political will to diversify. Renault has always been diversified. We are not seeking to quit our traditional vocation (vococation) as a favourite French word but to consolidate what we have already done."

He distinguishes between two sorts of activity. The first are those like special steel, bearings, foundry products and industrial rubber, which are part of the motor business and where

the effort is being put into broadening the clientele.

The second activity covers new products which did not grow directly out of the motor business. Meesmaeker puts agricultural machinery (turnover Frs 1bn (£117.8m) a year) and 18 per cent of the home market) which grew out of World War I military equipment work into this category, together with the machine tool business.

In fact, the distinction is not a very clear one. Until the 1960s the machine tool operation was geared to producing standard machines needed for the basic motor production business, but the break into external markets has been deep enough to permit the Renault machine tool division with its clutch of seven autonomous managed subsidiaries to register Frs 365m (£43m) in turnover and move into the top spot in France.

The category which really interests Meesmaeker is that of "new matter". By this he means putting the group's engineering skills to work in consultancy. The first stage was to undertake engineering work outside the group and gradually to extend to product management in fields well outside the motor business — like sugar production.

The freight and transport subsidiary, trying to apply its skill in shipping cars to more general questions of international transport, and the

RENAULT'S INDUSTRIAL DIVISION (Frs/m)			
COMPANY	ACTIVITY	1977 TURNOVER	WORKFORCE
Division Matériel Agricole (DMA)	Agricultural tractors	1,150	2,900
SAFIE Site des Adiers s/s de l'Est	Special carbon and alloyed steels	885	3,425
Site Nouvelle des Roulements	Bearings	640	4,200
Renault Machines	Machine tools	365	2,200
Outils - 17 subsidiaries	Containers, rail transport equipment	210	1,150
SNAY Site Nouvelle des Ateliers de Venissieux	Parts and mechanical sub-assembly	130	880
SMI Site de Mécanique d'Irigny	Cycles and motorcycles	106	575
MICMO Manufacture Industrielle de cycles et motorcycles	Small parts in special steels	105	700
MT McAlister	Transport	730	700
CAT Cie d'Affrètement et de Transport	Industrial rubber and plastics	280	1,940
CPIO Cie des produits industriels de l'Ouest	Cast metal parts	230	1,400
SBHM Site Bretagne de Fronderie et de Mécanique	Car engines and components	186	500
Division Renault Moteurs	Industrial motors	282	2,000
Bernard Moteurs	Inboard marine motors	61	220
Renault Marine Couché	Contracting	193	95
Renault Entreprise SEI	Engineering	92	515

broadening of an inherited railway rolling stock business (from FFfr 13m (£1.53m) lower turnover, lost FFfr 34m (£4m) partly because of the weight of its 3,000-strong workforce. The Forest group, with FFfr 290m (£34m) in sales and 2,300 workers, finished up with a FFfr 21m (£2.5m) deficit.

These activities, together with industrial motors, cycles and motor-cycles, gives the Enterprise division sales of some FFfr 5bn (£5.6m) a year.

Meesmaeker's aim is realistically modest: he is president over a series of activities which have suffered badly in the recession and which represent sectors where France has had a long-standing structural weakness. His disaster areas, in ascending order of calamity over the past few years, have been bearings, special steels, and, in a category all by itself, machine tools.

The bearings company, which has a special production line for aerospace components, slipped into the red in 1976 but balanced its books in 1977. The special steels company, with a strong reputation in hot and cold forging techniques, also broke even in 1977.

But there is no such consolation for machine tools. Meesmaeker states simply that the loss was very bad. The French

parent for any industrial work ought to realise that none of Renault's operating companies in machine tools employs more than 400 people.

"In this field we are a pawn of economic circumstances like everyone else and in no position to become a focus for industry-wide restructuring."

Coaxing his operations towards profitability—they made no contribution to profit in 1977—is Meesmaeker's priority. But what about diversification? "It could be," he muses cautiously, "that we could disengage from certain sectors if we think the future could be better assured in a different context."

In fact Renault recently quit the currently volatile sector for solar energy. "We would have had to make disproportionate investments which would have yielded a poor level of industrial activity," explains Meesmaeker.

And expansion into new fields? "Diversification is expensive and at group level we have to choose where to put our money. I can't see our being ready for a new phase until the 1980s, and then it would be in things in which we have competence."

Rehabilitating the bankrupt

AN ALL TOO illuminating example of the discouraging climate for British entrepreneurs came to light this week, with the Department of Trade's latest annual report on bankruptcy.

"Ignominious" and "notoriety" were just two of the pejorative words used by the media to describe the long list of bankruptcies last year, in which construction again headed the industry league table, and where Brighton registered 37 more receiving orders than the second town on the list, Croydon.

Policymakers at all levels of government and business have at last come to recognise the crucial contribution which small businesses make to the strength and flexibility of even the most advanced capitalist economy. It is also being realised that if new wealth and jobs are to be created, especially in the newer technologies, more businessmen will have to be prepared to take risks.

Need one really say more? Taking risks, by its very definition, implies a strong

chance of failure, which for many a small businessman can mean bankruptcy. So it is not time to rehabilitate the bankrupt, and to recognise that the experiences he has gone through may be invaluable to future success?

Of course, one has to be careful. There are obviously many bankrupts who are born losers, thanks to their inability to keep a continual grasp on all aspects of their business. Many of the truly "notorious" failures in the construction industry probably fall into this category, as may many in the retailing, cafe and garage businesses.

All these require relatively few financial or commercial skills to set up, unlike manufacturing. For this reason alone, last year's 128 manufacturing bankrupts should not be discouraged from trying again.

An over-simplification, to be sure, but at least let us accept the logical consequences of the fashion for the small businessman who is ready to take risks. Best of all would be to take a leaf out of the North American book, and tell the bankrupt: "Never mind. Better luck next time!"

C.L.

Contingency planning and the computer

EVEN SOME of Britain's largest companies "have very little in the way of management information systems, let alone ways of evaluating the likely effect on their business and finances of mergers, competitors, new product launches, or changes in the rate of inflation."

This emphatic and damning claim is made by Mr. Tony Charlton, head of business planning for Unilever Computer Services (UCS), which has just started offering clients a new time-saving, computerised planning system called "Strategy."

Over half the Unilever subsidiary's £11m revenue this year will come from customers outside the group, so the launch of what is claimed to be a uniquely versatile and easy-to-use system will be seen as a major challenge by the established suppliers of computerised plan-

ning systems, including IBM, ICL and Honeywell.

UCS is naturally stressing the advantage of its connection with a parent whose sophisticated business planning techniques are well-known.

But Mr. Charlton says that Strategy is aimed not only at large companies. Small firms, too, should be attracted, both by the processing power of UCS's large computer, and by his claim that "you can enter any demand to the system at any time" which makes it extremely flexible.

The main purpose of Strategy is to enable companies rapidly to evaluate alternative courses of action on an extremely wide range of issues.

As well as forward planning, the system can match current performance against target, for example on cash flow.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHUETTERS

SERVICES

Support groups expand

UNILEVER Computer Services, which has already made a big move away from IBM main machines and adoption of three large IBM systems as replacements, has announced new management structures which are intended to support its long-range plans.

Not the least of these is to grow at about double the rate for the services industry as a whole. In figures, 3 per cent compounded up to 1981 against a forecast of 15.7 per cent as the industry average.

With a turnover in the 1977 financial year of £31m and profit of £1m, the company has been growing at about 30 per cent since its inception in 1970. In the current financial exercise, turnover should be around the £11m mark making the company a close second to BOC Datastore, leader of the bureau operating outside nationalised industries.

Growing even faster than the rate aimed at by UCS is Business Intelligence Services Group with 41 per cent rise in turnover to £3.8m in the year to end-

February, coupled with a 35 per cent rise in pre-tax profits to £279,000.

Operating in the support, training, software, systems, marketing, research and advanced consultancy areas, this company has consistently shown very high profit margins and return on capital employed figures. It sees one area for further considerable growth in support for the larger banks who, despite their expertise in very large systems and networks, are finding the task of keeping these giant structures in working order to meet changing circumstances one which absorbs most of their computing manpower they have.

This is one of the reasons for the success of the BIS Software Midas foreign currency accounting system for banks, which has now taken a market lead in the UK. The company is involved in development work to develop a new access unit for the SWIFT international bank transfer network, built around Series 1 from IBM.

UCS on 01-903 1414. BIS on 01-633 0866.

COMPONENTS

Heat sensor costs less

PLATFILM division of Rosemount Engineering Company has a new design of platinum resistance thermometer element that offers cost reductions in the assembly time and in the raw materials required.

The traditional ceramic terminal block is replaced by a virtually indestructible injection moulded, glass-filled nylon block which will not break with robust handling or be subject to hair-line cracks that can create tracking paths on a ceramic block.

A spring clip, which secures the stainless steel sheath in the plastic moulding, eliminates the need for the steel flange which, for a ceramic block, is welded to the top of the sheath to provide an anchorage.

New terminal arrangements allow the lead-out wires for sensing element to be soldered or welded, according to the application, to the terminal tags.

Two models cover respectively —50 to 350 degrees C and —50 to 500 degrees. The terminal heads of both can operate at 150 degrees continuous.

Rosemount Engineering, Dunbar Road, Dunstable, Bedfordshire LU5 4LJ (0582 82341).

Powerful reed switch

INTRODUCED by Erc Components is a reed relay which, although it measures only 25 x 8 mm and weighs three grammes, can switch up to 30 watts AC or DC, using a coil power of 70 mW.

The relays, available in 10 or 20 V versions, are vacuum encapsulated in epoxy resin with glass-encased shells and headers giving reliable protection, even in unfavourable environments. They have connection pins on a standard 0.1 in pitch for printed board mounting. Operation at up to 1,000 times a second is possible.

POWER

Superconductor problem solved

AT TEMPERATURES near absolute zero (minus 273 degrees C) certain alloys lose all resistance to the passage of an electrical current. They become superconducting.

Much of the work has concentrated on a niobium-germanium compound, the most promising material for use in magnets at the moment since it remains superconducting in field of up to 400,000 Gauss, or 20 times better than can be obtained with iron-core magnets of the same physical dimensions. It also becomes superconducting at a temperature of 23 degrees absolute, the highest transition temperature so far found, giving designers more leeway than with other materials in the layout of cooling systems.

The material has the highest known current-carrying capacity which is close on 10m amps per square centimetre. But it is almost impossible to fabricate conventionally because apart from breaking easily it also tends to become brittle in forms which do not have the desired properties.

Deposition on metal strip in the amorphous state is the answer. The desirable material to be applied could be of niobium, lead and sulphur.

In this way, the alloys can be formed into any desired shape, even though in the crystalline condition, they are virtually unformable.

Many laboratories in advanced countries have spent a great deal of effort on harnessing this significant property in the design of motors and generators, as well as of high capacity power lines.

But the most interesting alloys all appear to have the same characteristic of high brittleness which makes fabrication an intricate and difficult task. Work at the leading IBM research centre at Yorktown, carried out by Dr. Chang C. Tsuei, and aimed at finding a way round these difficulties, has been successful.

He found that if the alloys are formed as glassy films on a backing material such as a strip of copper or tantalum they become easier to handle. While their amorphous form then makes them poor superconductors, they can be restored to the desired crystalline form by annealing at temperatures between 500 and 700 degrees C.

In this way, the alloys can be formed into any desired shape, even though in the crystalline condition, they are virtually unformable.

Both systems incorporate a load suspension spring, monitoring the total crystal weight and located within a weighing head assembly secured to the top of the pull rod. In addition, both use a precise linear potentiometer which monitors the length of crystal grown.

Shape control logic converts the potentiometer movement and the extension of the load suspension spring into electrical signals which are together compared by the control unit with the programmed crystal shape. Any deviations are automatically compensated for.

Diameter control, on the other hand, has no automatic feedback system and merely records the crystal weight and length. With this system, the crystal is grown through an orifice in a "coral" floating on the surface of the melt beneath the encapsulant.

Crystal shape is more consistent, leading to reduced cutting losses and other wastage with a consequent improvement in yields. Crystal quality is improved and operator costs are reduced producing an overall improvement in cost effectiveness.

Metals Research, Melbourne, Victoria, 3061.

DATA PROCESSING

Microfiche made easily

PORTABLE microfiche camera equipment of Swiss design permits the reproduction of documents even in a card index file. The Mercure is so simple that anyone can operate it successfully and be assured of obtaining perfect results.

A conversion kit permits it to adapt to all known systems, 35 mm, 16 mm standard format, jackets etc.

Film sensitivity is 3 to 64 ASA and three interchangeable lenses are used, according to document or subject size. Subject distance and lens opening are preset by the positioning of the lens.

Image size is 10 by 12.5 mm (American standard) or 11.75 by 16.5 mm (European standard) so that a 36 exposure cartridge contains 100 to 125 frames.

Document size is from 74 by 105 mm (DIN A7) to 210 by 297 mm (DIN A4).

The equipment has many areas of use. For instance in teaching hospitals and universities it speeds retrieval of source material for lectures and research jobs as well as providing the key to information banks of medical data.

Reproduction of diagrams and

schematics for oil and other exploration company use is another area, as is the control of the flow of books in libraries.

Makers and sellers of expensive items such as jewellery can use the system's excellent colour reproduction to set up work samples, easy to display and offering total security.

Electronic equipment companies can use the facilities to provide maintenance instructions and updates.

The equipment has a cool light source that will not fade or dry out the subject material. Thus, in photographing an old book, for instance, there is no danger to the text. Furthermore, the equipment will cope without opening the book completely, reducing the risk of splitting ancient bindings.

An optional microfiche camera allows users to take outdoor scenes or copy transparencies up to slide duplicating unit of importance when the medium is being used for audio-visual applications.

The Alpha Mercure satellite microfilm equipment is made by Alpha Pignons and distributed in Britain by Wren Audio Visual, 30 The Spinney, Beaconsfield, Bucks HP9 1SB. 0494 5202.

INSTRUMENTS

Electronic temperature gauge

THREE further models of a hand held electronic thermometer have been introduced by Jenway, all with a resolution of 0.1 deg. C up to 179 deg. C and one degree beyond that.

The 5861 is designed for use with nickel-chromium/nickel aluminium thermocouples and has a range of minus 50 to plus 850 deg. C. The 5825 is for iron/constantan couples and can cover minus 50 to plus 700 deg. C; the third unit, model 5880 is calibrated directly in millivolts.

Readings appear on a seven segment LED display with a character height of 10.2 mm. The built in automatic cold junction compensation is accurate to 0.05 deg. per deg. C, with a cold junction range of minus 5 deg. C to plus 45 deg. C.

With the use of up-to-date integrated circuits the power consumption has been kept down to the point that standard HP dry batteries will give 12 hours continuous use. Other cells, and mains operation, are optional.

More from the company at 28, Brooklands Industrial Estate, Broomfield, Essex (0376 28286).

At the same time, the Mohawk machines will meet the growing need for equipment that will fit in with the trend for users to set up their own distributed processing sub-net-

Simpler interfacing

FOR ANYONE using modems and terminals, interfacing will be the necessary interface so that plug-to-plug compatible equipment can be immediately connected in by a user.

On delivery of such compatible equipment, it is often found that the new device can be quickly plugged between the units to monitor the status of up to 18 interface circuits at a time, diagnose any variation and imitate the necessary interface to allow continuous trans-

mission.

Each signal can be broken by means of small switches and then reconnected to other pins with patch cables. In this way, faults can be diagnosed and new interface cables developed before any soldering of new plugs and sockets need be done.

An integral flex-ble cable and D-type plug connects to modems or computers; terminals plug into a D-type socket. The unit is low in weight and portable and meets and exceeds relevant Post Office and PTT standards.

Modular Technology, PO Box 117, Watford, Herts, WD1 4PD (01-421 0626).

UCC (Great Britain), 341 Euston Road, London NW1 3EL. 01-382 9661.

By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its over-

seas broadcasts.

UCC will provide full maintenance support for the Mohawks as well as for the modems and lines linking them to its services. This eliminates user headaches where a problem occurs.

UCC (Great Britain), 341 Euston Road, London NW1 3EL. 01-382 9661.

Control for industry

THORN AUTOMATION

Stagley, Stock, England

More room for cars

A COMPANY in Israel, Merkavim of Tel Aviv, has developed a simple lifting unit which it claims can double the capacity of most car parks, indoors and out.

Trade named Space-Luker, the unit is basically a one-piece platform and hydraulic lifting mechanism which can be installed wherever there is a level floor and at least 3.5 metres (just under 12 ft) of headroom.

As soon as the car has been driven on to the platform, the hydraulic unit raises it about 1.8 metres where it is firmly locked into position. A second car can then be driven into the ground level parking space.

Lifting capacity is seven tonnes, at least three times the weight of passenger cars and the lift deck has no holes through which oil or dirt can drop in the car beneath. Up to 25 of the devices can be run from a single hydraulic unit. More from PO Box 525, Tel Aviv, Israel.

Ventilation and heating in caravans

REALISATION of the heating and ventilation problems that can arise in the modern, much larger caravans, often used as mobile homes, has led to the production of a new British Standard.

It will be known as BS5601 Code of Practice for the Ventilation and Heating of Caravans and the first part, dealing with ventilation, has now been published. Health and safety are the major considerations.

Later this year two more sections will be published and will cover installation of solid fuel and oil-fired heating appliances. There is already a code of practice for domestic propane and butane gas burning installations in caravans and this together with BS 5601 will provide guidance for designers, manufacturers and installers of all types of fuelled appliances currently used in caravans.

UCC (Great Britain), 341 Euston Road, London NW1 3EL. 01-382 9661.

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seas broadcasts.

Now you has jazz

by GEOFF BROWN

Sven Klang's Combo (AA) Scala
The One and Only (A) Plaza
Anthony Mann's
National Film Theatre
The Last Wave (AA) Cinemas
Studio Oxford Street, Sarsen

Last week, Martin Scorsese showed us *The Band in the Last Wave*, this week the Swedish director, Sven Klang, shows us *Sven Klang's Combo*. Never heard of them? That's not surprising, for they're a fictitious group who flourished if that is the word, playing the dullest jazz imaginable at local dances and weddings in the late 50s. Olsson's film about them is disarmingly modest (never pushing the subject matter further than "I will go and disappear" shot in black-and-white, if hardly the most exciting new film in London, it is certainly among the most pleasant and intelligent).

Sven Klang (played by Anders Granström) is a car salesman by trade (the group is semi-professional), who combs his hair in passing windows, and plucks on his bass with a self-satisfied smirk as he gives his undemanding audiences "Sugur in the Morning" and similar numbers in arrangements which wouldn't disturb a tea-shop. Supporting him is a pianist, Rolf, a maths student at high school, Gunne, the vocalist (a telephone operator), and drummer Kennel, a garage hand: posters actually bill them as a quartet, but a characterist went to sea after they were printed.

Their cosy routine is broken by the arrival of alto saxophonist Lars (Christie, Boustedt), for whom jazz is more than a hobby or a source of extra cash, as the sounds he blows testify. He has heard and digested Charlie Parker, he plays with eyes closed, feeling every note. Lars tries to introduce syncopation, but the plodding beat ("It doesn't say so here!" says Sven, studying the score), after the others have finished with "Over the Rainbow," he plays a wild solo accompanied by nervous smiles and adjustments of ties.

However, it's obvious that the band will never break through to better things: Sven's hold over the others is too great, not only in musical matters (Gunne has a child by him), Lars leaves for Copenhagen, and the "All Dances like Dicks" in a mood of acrimony and disillusionment the combo falls apart.

Jazz fanatics have had good reason to treat most films about their passion with a just degree of cynicism and abuse, but many of the best, one wonders, were hurried at the Red Nichols' biography, *The Five Pennies*, which on television on Sunday. But Sven Klang's Combo, which originated as a play devised for the music stage, directed at an audience as the theatre group, and the film, is a more successful and more honest attempt to show the music as it really is.

By surrounding Lars with numbers to flourish naturally within the film, the director, Olsson ensures that the music's

music and spirit come through clearly. The film is also helped by its meticulous small-town setting and period flavour. Even the director's style has its anti-quarian aspects (in particular the use of vertical wipes in the editing). But there is little suffocating bromance: the time and ambience are captured instead by the people always in the background — the faces who appear as the dances, determinedly happy or lugubrious; the eager eyes of a lad watching through the shop window as Kennel tries out an electric guitar — under Sven's smiling auspices, of course.

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only find work in wrestling bouts. His billing for these varies: in one town he is "Adolf Hitler" (equipped with Nazi armband, Hitler moustache and a helmet essential for knocking out his opponents); in Madison Square (hardly a pink and white ring), he is "The Lover," defiantly gay with pink ties and ringleads.

What with the rich potential of his situations and an excellent supporting cast (Gene Saks as the foul-mouthed boxing promoter Sidney Seltzer, William Daniels as the meaty-mouthed father-in-law), it is particularly disconcerting to see the film drop as it does two thirds of the way through. After much luscious comedy, *The One and Only* swerves into the path trodden by

sombre, penetrating films of our own personalities. In the grimmest of the set, *Man of the West* (August 21), he is replaced by Gary Cooper, whose less flexible character amply serves this extraordinary work.

Cooper, out to buy a school-teacher for his community, seeks to clear himself of his own outlaw past, personified by the ancient bandit played by Lee J. Cobb, who staggers unbending round the Cinemascope frame accompanied by a gaggle of subservient "sons." The presence of the stately Julie London, roiled and made up for something like *Three Coins in the Fountain*, adds to the film's strangeness, if not to its power. Providing one can stand the often icy temperature of the films, this NFT season should be most rewarding.

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The drama takes place in a Sydney suffering from weather only marginally worse than England's at the moment: the sky is loose torrential downpours, halitons unidentified flying objects, and a rain cloud is found to be a water fountain while rain buckets down. But then things go irritatingly haywire.

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Comedy

The Dark Horse

by B. A. YOUNG

A good theme for a play, the succession of King Henry VII; apart from a transient appearance in *Richard III*, he has never as far as I know had a play written about him, and he was a monarch of some importance, the founder of the Tudor dynasty. Moreover, there is romance to be extracted from his return out of exile to defeat Richard in the field.

Romance is what Rosemary Anne Sisson is after, and she gives it in spades. The real hero of her piece is Henry's Uncle Jasper, son of the Welsh soldier Owen Tudor, and, en secondes notes, Katherine de Valois, Henry V's Kate. Jasper is the first person we meet in the person of Edward Woodward, the strolls on to the stage, where the resultant burst of applause gives him a cue to observe "You know who I am." He then explains who he is and what the situation is about the English throne. A tough but friendly old Welshman, he seems, though we learn later that he can get very angry when the moment provokes him.

Jasper and his young nephew, in real life his son Peter Woodward, but in history Henry Tudor, Earl of Richmond, are in exile in Brittany living from hand to mouth with the dodev help of their crack-brained Welsh servant, Morzan Llewellyn, who is played with such humorous charm by Tony Haycraft that the emptiness of the part is concealed. But, well, now I've come to the point where I have to say it—emptiness is the play's principal characteristic. The life of Henry's two assaults on the coast, his defeat of Richard at Bosworth, his difficulty in settling down as a king, is reduced to paper-thin romance.

Nevertheless, the strength of the story shows through now and then, though I found it hard to take anything very seriously. Miss Sisson's best work is in the delineation of the young king, who is very strong, with names like Barbara Jefford, Peter Cellier, Murray Melvin, Michael Berrington, and so on, when he becomes the prisoner of his conscience—the King of expediency—as his uncle calls him. I couldn't believe in his sudden conversion from layabout to royalty, but the prospect of his seizing the crown is first mooted; but later, when he feels compelled to do all sorts of things that offend his friends because

they seem to him right, he turns into a more interesting figure. The play is more than I can say for any of the others, even Uncle Jasper; and this is the more remarkable because the casting is very strong, with names like Barbara Jefford, Peter Cellier, Murray Melvin, Michael Berrington, and so on, when he becomes the prisoner of his conscience—the King of expediency—as his uncle calls him. I couldn't believe in his sudden conversion from layabout to royalty, but the prospect of his seizing the crown is first mooted; but later, when he feels compelled to do all sorts of things that offend his friends because

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Embarrassing surplus

THE OECD in its annual report on the Japanese economy does not see much hope for any immediate reduction in the size of Japan's current account surplus. By implication therefore the friction between Japan and its industrialised partners seems bound to continue. The OECD predicts that the current account surplus for calendar 1978 will be \$18bn — or a 63 per cent rise over last year which is in line with most other forecasts and well out of line with earlier Japanese promises to get their current account surplus down to manageable proportions as soon as possible. To a large extent the magnitude of the surplus reflects the immediate consequences of the sharp rise in the yen. The effect of this has been to lower import costs, thus in the short run helping to maintain the competitiveness of Japanese exports. In the longer run, as the OECD points out, a dearer yen should increase Japanese imports of semi-processed and manufactured goods while putting a break on the growth of Japanese exports.

Suspicion

The OECD thus expects the current account surplus to drop to an annual rate of about \$13bn in the first half of next year. This is still a disruptively high level for the rest of the world to absorb. It would fuel suspicions—already strong through the readiness of the Japanese to publish targets which stretch credibility—that they are determined to cling on to their large current account surplus and the strategy of export-led growth as long as the West allows. In that approach lies the danger that the West might suddenly retaliate with a burst of protectionism unwelcome to all.

The OECD report was prepared before the Bonn summit and the pledges that Mr. Fukuda gave there. In that sense some of its key figures may be outdated. In presenting the OECD's six-monthly Economic Outlook recently, OECD economists made the point that if Japan carried through the commitments made by Mr. Fukuda, then its gross national product would rise at an annual rate of 9 per cent in the first half of next year as against their forecast of 4.5 per cent before the Bonn Summit. Their prediction in

Expectations

The other pledge made by Mr. Fukuda was "unusual measures" to hold down export volumes to 1977 levels and to boost imports. The OECD rightly points out that the emphasis should be on increasing imports.

Nobody expects the Japanese to make the massive structural changes that would be required to shift the basis of their imports away from raw materials and more towards manufactured products overnight. But patience will wear thin if changes in Japan's distribution system do not appear and if the Japanese do not commit more of their resources to housing and welfare amenities to take the burden off the rest of the world.

A code for subsidies

THE LARGE amount of money the Government is now devoting to recruiting lame ducks, saving jobs, and promoting new investment has often been rightly criticised. But Britain is not the only country to be resorting to the use of industrial subsidies or to be doing so on an increasing scale. A similar tendency could be seen in most industrial countries long before the world trade recession created new threats to employment both in industry and in services. Competitiveness had been waning and in those which had been thought to be viable. Even governments like the West German, which are noted for their preference for the free market system, provide tax incentives or financial aid to help raise the level of economic activity in less favoured areas, to help out companies in troubled sectors, or to promote status industries like aerospace or computers for reasons of national security or pride.

How much the various national exchequers contribute to the underwriting of industrial costs or investment no one can say. This is not simply because relatively few governments draw up their budgets in ways in which make it easy to extract the appropriate figures. It is also because so many aids are not transparent. What is the precise subsidy element, for example, in a tax concession, in a state contribution to a company's equity, or in a loan granted by a state agency which pays the market rate but which supports high risk projects?

It is the comparative invisibility of industrial aid which makes them so dangerous a threat to the world trading system and so tempting for governments to use. Yet it would be unrealistic to fail to recognise the strong political and social pressures which make governments reluctant to accept the concept of comparative trade advantage and international specialisation upon which GATT was founded.

Governments may not be prepared to put up with the way trade liberalisation interacts upon their domestic economy if

Precedent

The rules of the European Community recognise that modern governments intervene in industry both to promote particular national ambitions and to soften the impact of economic changes. The rules do not permit members to frustrate the objectives of a common market by exporting their structural problems or engaging in costly and fruitless rivalry. But the problems of transparency, the difficulty of tracing the intra-sectoral effects of general or regional aid schemes, and the fact that the Commission is so often reacting to national initiatives has made it hard for it to hold the line.

Nevertheless, the EEC's attempt to distinguish between aids which have serious trade repercussions and those which do not, and between those which can be tolerated and those which cannot, is a useful precedent for those who are now trying to negotiate a GATT code of conduct on industrial subsidies. A GATT agreement may not have the legal force of an EEC treaty. But it would be infinitely preferable to have some kind of permanent international consultative procedure to deal with complaints about the trade effects of industrial subsidies than to have no restraint at all. For that would lead to a trade war in which no one would win, least of all a nation so dependent upon trade as Britain.

THE MAIN battle being waged in Northern Ireland is no longer against the terrorist, but against the mounting level of unemployment.

In a manner reminiscent of "Japan Incorporated," the administration, industrialists and unions have banded together in the last year in a vigorous campaign to win jobs. It is a campaign backed by the UK Exchequer almost without limit, allowing the administration to buy new projects from all over the world with grant offers that few—if any—countries can match.

The offensive has had rapid results and in the last five months Mr. Roy Mason, Northern Ireland Secretary, has been able to announce new projects in the province by four U.S. companies providing 3,400 jobs. The latest, yesterday's agreement with the DeLorean Motor Company for the establishment of a sports car plant in West Belfast, is the most expensive and most important of them all. Yet despite all this activity little impression has been made on the level of unemployment in the province, which, at about 11 per cent, is double the UK average.

Even more disturbingly, while the numbers out of work have fallen in mainland Britain since last September in every month bar one, in Ulster they continue to rise. The widening gap is against the long-term trend in Ulster's unemployment rate which, though traditionally higher than that on the mainland, has usually moved in line with it.

Unemployment is a sensitive issue anywhere. In Northern Ireland it is literally explosive. One prime factor generally considered to have contributed to the rise of the IRA Provisionals was high unemployment among Catholics through the 1960s, when the province's annual growth rate was an impressive 4.5 per cent.

Recruiting ground

The resentment among the Catholic population at its apparent exclusion from the rising prosperity provided a backdrop of support for Provo violence in the early stages of the Troubles, while high youth unemployment gave the gunmen a fertile recruiting ground. Currently, high unemployment is more prevalent than ever, with rates officially estimated at well above 30 per cent in some Catholic areas such as Strabane and West Belfast. Mr. Mason is acutely aware that if these rates are allowed to persist the current low level of sectarian violence in the province could rise again.

It was on this argument that he won the support of the

Cabinet for his expensive economic policy.

Yet the root causes of the province's unemployment are so intractable that even the most optimistic Government officials estimate it will take at least ten years to bring the numbers out of work down to mainland levels. Others doubt whether it will happen this century.

Much of the problem is due not to a fall in employment, but to a growing workforce. Between 1959 and 1976 the number of jobs increased by about 3,000 a year, from 437,000 to 495,500.

There has been a decline since 1976, but equivalent to only about 1 per cent of the workforce: about 5,500 jobs. So all the increase in unemployment since the low of 1974 is the result of new workers joining the labour market. In that time the number out of work grew by 35,000 to 61,400.

The increase in the workforce is a factor common to the whole of the UK, but it is exaggerated in Ulster where, quite apart from the 1960s baby-boom, the population is growing ten times as fast as the UK average. In 1975 the natural increase in the UK population was 0.8 per 1,000 people, while in Ulster it was 8 per 1,000.

Several other factors indicate that the numbers seeking work in the province are likely to increase rapidly in the next ten years.

Net emigration seems to have fallen back with the easing of tensions to the annual rate of about 7,000 prevailing in the 1960s. In 1975, by contrast, the Troubles pushed the number up to 16,000.

Agriculture is likely to continue to shed labour. The numbers employed on the land fell from 100,000 in 1950 to 57,000 in 1976. Yet this was still 10 per cent of the workforce compared with 2.5 per cent for the UK as a whole.

If Ulster moves closer to the British pattern, jobs will be needed for another 40,000 or so former farm labourers.

More jobs will be needed if the province follows Britain in another respect: female employment. More than 80 per cent of women in the UK over the age of 16 now work. The comparable figure for Northern Ireland, while rising, is still only about 40 per cent.

Because of these factors, it is estimated that more than 100,000 new jobs will have to be created by 1985 to bring the unemployment rate down to 3 per cent.

In the mid-1960s years of the 1960s, new jobs had to be created very rapidly to keep up with the growing workforce. Nor was agriculture the only industry shedding labour. There was a decline in two traditional industries, linen and shipbuilding. Between 1950 and the present 50,000 jobs were lost in the former industry while in shipbuilding—effectively "Harland and Wolff"—the workforce



The grim side of life in one of Northern Ireland's Catholic districts: survey returns found 21 times more Catholics out of work than Protestants.

was cut from 25,000 to 9,000. A number of theories have been advanced to explain the continued deterioration in Ulster employment in the past 10 years. The most convincing is that the 1974-76 recession narrowed the province's industrial base.

Employers like Rolls-Royce, the Ministry of Defence and the IEL computer group, which now could have been expanding, then closed down their establishments entirely.

The weakness is underlined in the statistics. The proportion of workers in manufacturing industry is only 26 per cent in Northern Ireland, compared with more than 30 per cent in the UK as a whole.

But the overall level of unemployment is not the key issue. More important is the disparity between job opportunities for Catholics and Protestants.

Historically, Protestants have dominated in the skilled industrial jobs while the Catholic minority's traditions are agricultural rather than industrial, except for the shrinking linen sector.

Such patterns—created originally with the help of positive discrimination—have

the security of living among co-religionists.

This movement has had a substantial impact on jobs, springing the U.S.-based company especially among Catholics, who have been unwilling to travel to work through areas considered hostile.

A second polarising effect has developed at workplaces. Wherever workers of one religion have been in a minority of less than 20 per cent they have tended to leave.

The political legacy of this polarisation has been to make the location of each new project highly sensitive. It is not enough for the Government to bring new jobs to the province. It must bring them to the deprived Catholic areas.

The underlying feeling seems to be that the Government has no more than another year to show that it can find jobs for these areas. The sectarian violence has died down recently, despite the mounting numbers out of work, more because of war-weariness than anything else. If the Government cannot use the lull to provide jobs many people believe the frustration will be expressed in renewed fighting.

If the Government does fail it will not be through want of money or effort. Twelve months ago it launched a package of incentives so generous that not investing in Northern Ireland seems almost foolish. At best, the level of support can mean that no new money for a fresh project at all.

The components of the package included outright Government grants of between 40 and 50 per cent on capital spending and of 100 per cent on moving and installing equipment. Industrialists are offered loans on preferential terms and interest relief grants—even individually negotiated grants towards start-up costs.

The Northern Ireland Development Agency is available to provide risk capital or loan facilities, while the Department of Manpower Services will effectively meet much of the cost of training the workforce. These incentives—as well as several others—are available not only for new projects but for the expansion of existing undertakings and for schemes of substantial re-equipment.

The package, which has been approved by the EEC Commission, implies an average public cost of \$4,000-£7,000 for each job created. Government officials argue that this is no more than the opportunity cost of keeping someone on the dole for two years.

The key to widening the province's industrial base lies in attracting green-field projects, and the Ulster Department of Commerce has installed permanent representatives in Europe and the U.S. to bring in "foot-loose" investment.

Helped by Northern Ireland's good industrial relations and

Protestant areas

At the same time, concern was growing because these three new projects were all located in Protestant areas. The Government defends that it could not force specific locations on industrialists.

Furthermore, officials argued, it was important to start winning projects regardless of where they were located because in attracting industrialists nothing succeeds like success.

Yesterday that argument was fully justified when the DeLorean Motor Company, based in Michigan, agreed to set up a sports car plant in Dunmurry, adjoining the Catholic areas of West Belfast.

Mr. John DeLorean, head of the car company, confirmed the importance of example in his decision to locate in the province.

"When General Motors decided to come here one of my friends in the corporation called and said I should check the place out," he said. "He endorsed the Government machinery for winning projects. This is an incredible place to do business. I am very impressed by the total professionalism I encountered here. They managed to accomplish in 45 days what others have been trying to do in 18 months."

The cost in state aid is high, probably around \$25,000 a job, and there is some concern at such sums being spent on what Mr. DeLorean himself acknowledges to be a "high-risk" project.

But more than jobs are at stake. The Government has been able to offer tangible proof for the first time that it is able to create the jobs where they really matter. Where DeLorean has led, other manufacturers may follow.

With continued containment of violence hanging in the balance, the Government considers the DeLorean jobs a bargain at any price.

MEN AND MATTERS

Up periscope at Rosyth

The immediate drama of union threats to Britain's nuclear deterrent has seemingly subsided. The Royal Navy "liberated" the Polaris submarine Revenge and she is now patrolling the Atlantic. But a much fiercer showdown with the naval dockyard workers may soon develop at the Rosyth base, where two nuclear subs—the Repulse and Renown—are being "blackened."

This rumbling dispute on the Firth of Forth may seem remote from a conference the Industrial Society is holding next month in the Cafe Royal. It is entitled "Briefing Groups—the Key to Effective Communication." A distinguished panel of speakers includes not only Sir John Methven, director-general of the CBI, but also Jack Bedbrook. Their essential theme will be on the way briefing groups can create a "committed workforce." Just in case you were wondering, Bedbrook is general manager of HM Naval Base, Rosyth. He will be telling "how in his situation, briefing groups and consultation work together successfully."

Bedbrook's 6,000-strong workforce certainly appears committed—to stopping both Repulse and Renown leaving the dockyard until wage grievances are settled. A few briefing groups seem urgently needed.

Once bitten . . .

The dog licence debate goes growing on. Maurice Macmillan, Tory MP for Farnham, admitted to me yesterday that he has changed his mind since he was chief secretary to the Treasury in 1970 and wanted to abolish dog licences entirely. He said: "Effective control of the dog population will become more important if the threat of rabies becomes imminent, which I fear it will." Only dearer licences can ensure control, he believes.



"The charter aims at encouraging a better understanding between the Inland Revenue and the taxpayer by maintaining the principles of old-fashioned courtesy and mutual co-operation between both parties." Such sentiments might win votes from tax collectors and small businessmen alike.

Darkest Devon

Down in Devon, a new form of solace is being devised for tired businessmen. How do you fancy 36 hours in a darkened room? All on your own, of course. There will be no fear of boredom, because you will be "exposed to audio conditioning tapes." The tapes will also be, for a mere £100, sessions of biofeedback, self-hypnosis, gestalt therapy, guided imagery and transactional analysis.

The new establishment, in a 17th-century manor near Tavistock, is the brainchild of an American named George Scott, who describes himself as "sometimes stockbroker, commodities trader, gold and currency broker, art dealer and film director." Scott sees senior executives as his main customers, and says he will teach them "proven stress alleviation and control methods which can be applied to tension-producing life-situations." As an added inducement, the air in the manor will even have "negative ionization."

Wives at war

The report from the Commons Procedure Committee on reforming the ways of Westminster had not satisfied everyone—and least of all that campaigning band of Labour MPs' wives who wait for their husbands home by 8 pm. Its leading spokespersons are Lorraine Radice, wife of Giles, the MP for Chester-le-Street, and Emily MacFarquhar, whose husband, Roderick, has

Lord George-Brown's old seat at Belper.

Mrs. MacFarquhar was fierce over the immovable forces resisting change: "Children under 10 have a one-parent family for six days a week." The campaigners claim that the real problem is with the Tories.

There is, of course, always the possibility of "doing a Lysistrata," as Mrs. MacFarquhar mused, in admiration for the leader of the Athenian women who stopped a war by denying their husbands their marital rights. But the Westminster "grass widows" are set to enjoy a sweeter revenge this morning: it's a fair bet that headlines will concentrate not on the learned solutions advanced by the MPs after two years' work, but on the half-hour Press conference when the wives said what they thought of them.

Word games

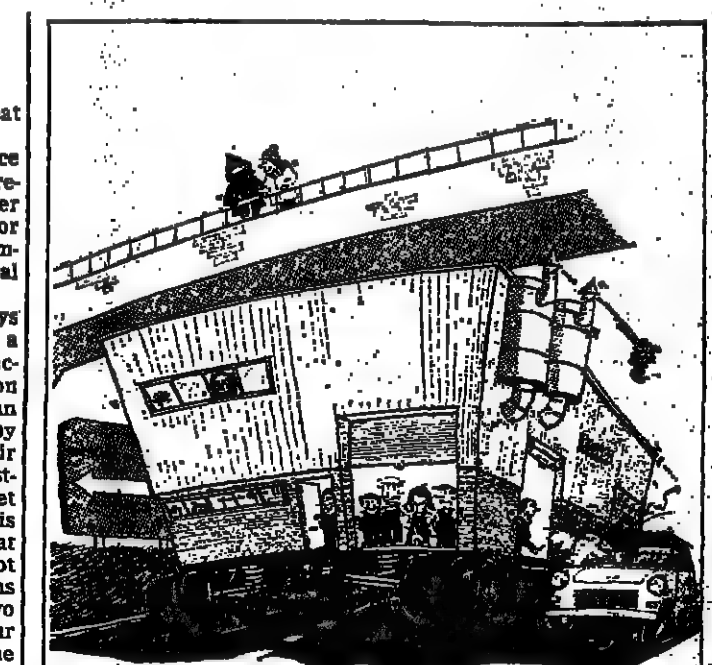
A few weeks ago a leading retailer claimed that certain business statements always meant something other than they seemed to. "The cheque is in the post" was one that I quoted.

Now a thoughtful reader has sent in a batch of similar verbal subterfuges. They could be useful for many a chairman writing the first draft of his annual statement.

"The losses in our main subsidiary have now been contained. The managing director has resigned for personal reasons."

"The retiring chairman will remain on the Board as president where his immense experience will be of enormous value."

"Though losses are continuing in our Nigerian (or Belgian or Middle East or Australian) branch we do not believe any further provisions will be required."



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Actually we told Mr. Bloggs he needn't bring the building with him. Since 1970 Northampton has created about 5 million sq ft of additional industrial development. Many internationally-known concerns have already relocated here. We have unit factories already built in sizes from 3,000 to 40,000 sq ft. Off-the-peg factories can be ordered in multiples of 10,000 sq ft and virtually unlimited sites are immediately available on four new employment areas. Some sites can have private rail sidings if desired.

As well as its central location, affording ease of access and distribution via the motorways to all parts of the country, Northampton has tremendous advantages to offer firms wishing to relocate their factories and warehouses. As well as economic rents and a first class labour relations record the expansion of this historic county town means excellent homes for your staff to rent or buy, new shops, new schools and new community facilities. Most important, however, it means that Northampton offers new opportunities for growth and success.


For further details phone 0804 34734 or write to: L. Austin-Crowe, Chief Estate Surveyor, Northampton Development Corporation, 2-3 Market Square, Northampton NN1 2EN.

Observer


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First, we will handle your business directly between one of our U.K. branches and one of our branches in the Republic. Straight away this will save you time.

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 1876

COMPANY NEWS

Hoover midway profits cut to £3.8m in difficult trading

FOLLOWING lower first quarter profits of £2.4m, against £3.6m, in the second quarter and at mid-way, the directors say, it appears the recent rise in consumer spending is now beginning to benefit the industry and it is hoped that the improved trading will help to sustain this trend.

However, turnover improved in the second quarter and at mid-way was £13.1m, close to the £12.2m in the same period last year.

The pre-tax profit comprises trading profits of £2.8m (17.5m) and exchange gains of £10,000 (£17,000 losses).

The improved turnover level in the second three months was achieved only by means of considerable promotional expenditure, the directors say. It appears the recent rise in consumer spending is now beginning to benefit the industry and it is hoped that the improved trading will help to sustain this trend.

An improvement in sales and profitability is now being seen in some countries including France, West and South Africa and the outlook in Australia is more promising.

	1977-78	1976-77
Sales	£13.1m	£12.2m
Operating profit	£2.8m	£3.6m
Pre-tax profit	£2.8m	£3.6m
Dividends	£1.1m	£1.1m

After tax of £1.3m the trading profits are £1.5m (12.5m) and dividends are £1.1m (11p).

In the light of the trading results, the directors have given careful consideration to the level of interim dividend but after taking into account past restrictions

on dividends and the high level of retained earnings, it was decided to maintain the interim dividend at 5.61p. Last year's total was 14.82p from a pre-tax profit of £12.2m.

See Lex

P. Black record £1.94m

A SECOND HALF profit of £0.4m against £0.3m lifted pre-tax profits of Peter Black Holdings to a peak £1.94m for the April 30, 1978 year, compared with £1.53m last time. Turnover was ahead by over £5m to £22.6m.

At the interim stage, directors of this footwear and luggage manufacturing concern said the order position was healthy and that they faced the future with confidence.

Started earnings per 25p share are 22.5p (17.3p) and the dividend total is stepped up to 6.42p (5.75p) net, with a final payment of 4p.

Little change at Clarke Nickolls so far

Pre-tax profits of Clarke Nickolls and Coombs, property investment and development company, were little changed for the first half of 1978 at £158,000

against £155,357. For the full 1977 year profit was £155,357.

Net rents and fees for the first half totalled £191,785 compared with £140,540 and dividends and interest received came to £20,516 (£20,110). However, there was a trading loss of £12,322 (£24,514 profit) which arose because although no disposals of development property took place in the period, professional fees were incurred and in accordance with usual practice, these were not capitalised.

Also taken into account in the pre-tax figure are general expenses £31,190 (£28,613) and long-term interest of £10,300 (£10,314).

For the half-year took

£40,000 (£33,000) and minorities £2,181 (£5,214), leaving attributable balance ahead at £116,508 against £97,123.

After tax of £144,967 against £146,789, revenue of the River Plate and General Investment Trust Company improved from £281,726 to £295,360 for the half year to June 30, 1978. For all 1977, the figure was £331,310.

Gross revenue for the period was better at £224,808 (£200,178). Earnings per 25p deferred share are 3.30p (3.20p) and the interim dividend is stepped up from 1.5p to 1.75p net—directors say present estimates indicate that the final should at least be maintained at 4.75p. Net asset value at June 30, 1978 is shown as 197.22p (186.24p) per share.

shareholders at the time of the merger between York Trust and Maurice James Holdings, it was anticipated that trading results would be even more satisfactory. Mr. James said. The problem was the engineering subsidiaries which, after an encouraging start, allowed a little in the second half.

Terms have been agreed for the sale of the Joshua Blagwood and Son subsidiary and certain loss-making activities of Marcon Engineering have been closed. Certain assets which were not producing any positive return have also been sold. The transactions already completed or under contract, together with the Blagwood sale will realise approximately £1.2m, which will improve very substantially the liquidity of your group, Mr. James said.

Revenue up at River & Mercantile

Gross revenue of River and Mercantile Trust improved from £94,068 to £113m in the first half of 1978. Tax charge is £305,990 against £204,480. The interim dividend is stepped up from 3p to 3.5p—last year's total was 8.125p. Earnings per 25p share are shown at 4.82p (4.19p) and net asset value is 227.53p (198.94p).

The year under review was the first time all the operating companies recorded trading profits, Mr. Sheppard says. In the marine engineering and steel fabrication division, Barn Lake Engineering had a successful year recording the highest profit since its formation. The Celtic Haven board is now satisfied that this company is well able to operate under its own management.

A substantial contract for a deck cargo barge has been received from Davy Powergas and this, together with other work, should ensure a useful contribution to group profits in the current year. In the oil exploration services

division, the company has been successful in securing a number of new contracts, Mr. Sheppard says.

He says that the advance in pre-tax profit from £0.6m to £0.7m in the March 31, 1978, year can be considered satisfactory. He says in his annual statement that it was disappointing that for the first time in the year, exports declined in the year, showing a 17 per cent fall. This would have been less of a setback in obtaining letters of credit.

In May this year the group won a £5m contract for equipping science and engineering laboratories in 10 Indonesian universities.

Home sales of educational equipment last year showed a 48 per cent rise despite cuts in educational expenditure. The improved results in the second half came through increased sales, but more especially in the last three months through increased productivity.

The medical company raised turnover despite increasingly intensive competition, but it was disappointing that its shrinking margins, more stringent supplier terms and rising distribution costs resulted in a lower profit.

Arrangements have, however, recently been concluded which will increase the range of its industrial medicine section. A new catalogue will be ready for issue in September which will be particularly relevant to this buoyant market, he says.

Mr. Russell points out that increased home sales, particularly in the final quarter, and delays in obtaining money from overseas, account for the rise in debtors from £1.5m to £2.4m in the year. Forward purchases at year end to deal with a large order intake and a build up of export goods awaiting finance clearance are also reflected in the increase in stocks from £1.6m to £2.2m. This resulted in a rise in bank overdrafts from £0.5m to £1.2m and directors are actively engaged in dealing with these problems, he adds.



Mr. Peter Boon, chairman of Hoover... fierce competition and difficult trading drag down profits in first six months.

HIGHLIGHTS

The consumer boom is apparently bypassing Hoover for, after the dreadful first quarter the best that can be said about these figures—profits halved at the interim stage—is that volume was maintained in the second quarter. At the AGM Reid revealed details of further substantial disposals and a moderate improvement in trading in the first quarter. Lex also takes a look at the stock markets following very active trading on Wall Street and the Financial Times All-share index hitting a new peak. Elsewhere, Vantona has turned in profits slightly higher in a difficult textile sector while it has also made a bid approach for Compton Webb Group. Profits at Waring and Gillow are 30 per cent higher, reflecting strong growth from the retail outlets and a turnaround on the clothing manufacturing side.

Celtic Haven uncertain about profit growth

AFTER A year of further improvement, Celtic Haven is still going through a period of development. Mr. M. Sheppard, the chairman, says in his annual statement.

Therefore it may not be possible to show an increase in profits during the current year, he tells shareholders of the West Wales-based marine engineering, supplier of ancillary services to the Celtic Sea off-shore oil industry and arable farmer.

The negotiations for the proposed merger with Harrocks Shipbuilding Company (Pembroke) have been terminated following the appointment of a receiver to that company, Mr. Sheppard adds. Since the year end some 60 acres of surplus land at Barn Lake, Burdon, Dyfed, has been sold at £25,000, improving the liquidity and cash position.

As reported on July 10 group pre-tax profit rose from £101,048 to a record £108,337 for the year to March 31, 1978. The net dividend for the year was raised from £0.2316p to 0.325p per 5p share.

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John James rises to £3.4m—boost from industrial side

PROFITS BEFORE tax of the John James Group of Companies have topped £3m for the first time, rising 19 per cent to £3.36m for the year ended March 31, 1978.

The industrial side also continued its expansion and pre-tax profits were up 27.3 per cent to £2.29m. Turnover of this group rose from £17.33m to £22.42m.

Total investment income increased from £1.03m to £1.25m and is steadily rising in the current year, the directors say. The group is maintaining its strong financial position and profitability and should continue steady progress.

Earnings per share are shown as 2.35p (8.02p) and 6.32p (5.32p) based on the theoretical maximum tax charge. The final dividend of 1.50p makes a total of 2.74p compared with 2.4575p—previously. Mr. John James, the chairman, says he firmly believes the paying of dividends from franked investment income is fully justified.

The aim each year is to increase franked investment income which will enable dividend increases without incurring ACT. This pool is now sufficient to cover increases for a few years ahead and allows continued growth of the industrial group to be largely financed by profit it generates.

The measures taken to achieve a turnaround at the group's selling subsidiary, Waldorf Stationery and Greeting Cards, have yet to prove adequate, they state, but there are signs that they are taking effect.

The result of the worldwide fall in stocks of pulp and paper is leading to a reduction in prices, and while demand will continue to be governed by the general lack of activity, it is anticipated that second-hand results will not be far from those of the first. Net profit came out at £340,000 (£308,000) after tax of £88,000 compared with £330,000 but there were reorganisation expenses for the month after tax of £78,000. Thus, after minorities,

the directors say that results reflect the difficult trading conditions of the past year. Turnover was slightly down at £7.6m compared with £7.8m; at the interim stage, with turnover down to £3.72m (£3.8m), directors stated that the steel industry throughout the world remained very depressed and that group sales were not likely to recover significantly until markets improved.

Net profit came out at £14,735 (£14,545) after tax of £14,026 against £103,000 and the result was boosted by an extraordinary dividend of £288,440 (£117,508). Earnings per 10p share, before extraordinary items, are shown as 0.35p (3.3p) and 11.37p (7.8p) after the same items. A final net dividend payment of 2.3p (2p) is the total for the year, against 4p last time.

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Waring & Gillow expands to peak £3.6m

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FINANCIAL AND COMPANY NEWS

TELCO maintains sales despite production cuts

BY R. C. MURPHY

ROFITS and revenues at Tata engineering and Locomotive company (TELCO) were broadly maintained in the year to March, in spite of an acute power shortage at Jamshedpur, in Bihar, where its plant is located, and a sharp drop in production at its subsidiary, the company's turnover was \$2.85bn (\$340m), against \$2.86bn in 1976-77, while pre-tax profits were marginally lower, at Rs 104.4m (\$12.4m).

In expectation of a sharp rise in its turnover and profits for its current year, TELCO has roped a bonus issue of equity shares on a two-for-five basis.

Commercial vehicle production last year fell by 10.7 per cent from 26,107—mainly because of power shortage at Jamshedpur. However, a 23.8 per cent increase in turnover of the tractor division, from \$123.1m to \$153.7m (\$13m), and a 13.5 per cent rise in spare parts sales helped TELCO to match the previous year's level of revenue.

The dividend is to be maintained at 15 per cent and the company has transferred \$76.2m to the general reserve, compared with Rs 12.5m in the previous year.

The highlight of TELCO's

recent operations has been the commissioning of vehicle manufacturing operations at its new plant at Pune, Maharashtra, in June. It proposes to produce some 7,000 vehicles at the plant during the current year. The Pune plant will enable the company to increase commercial vehicle output to 24,000 to 26,000. It is planned to produce 34,000 vehicles this year.

As a result, revenue is expected to go up by more than Rs 500m. The investment undertaken over the past four years is expected to increase profits and to enable the company to maintain, if not increase, the dividend on the increased capital.

The Government has asked the company to embark immediately on a further expansion, to 50,000 vehicles. But the company has thought it prudent, says Mr. S. Mohanrao, the chairman of TELCO, to implement the further expansion plan as soon as production stabilises at the licensed capacity. This cautious policy was not because of demand constraints, but resulted from a scarcity of trained personnel. There had been a brain drain to the Middle East countries, with Indian companies unable to match the salaries paid there.

In contrast with many other

commercial vehicle manufacturers in India, TELCO faces strong demand for its output. Tata vehicles, produced originally with Mercedes-Benz collaboration, have a waiting list of six to eight months. Recently, TELCO introduced a new model, the 1310S, incorporating major improvements designed to lower vehicle operating costs and levels of performance. The warranty for the new model has been doubled.

The company's exports rose to Rs 372.5m, from Rs 294.2m in 1976-77, and further improvement is expected—with a level of Rs 460m seen for the current year, provided there is no change in Government policy.

TELCO is planning to diversify into marine and industrial diesel engines, for which it has received an industrial licence from the Government. A sizeable demand is seen, because of the Government's policy of establishing more shipyards, and the rapid expansion of the trawler fleet.

TELCO is a highly diversified company, producing truck and bus chassis, excavators, forklift trucks, general and special purpose machine tools, steel castings, and electronic equipment such as printed circuit motors up to 2.2 kW ratings.

Haw Par sells property stake

By H. F. Lee

SINGAPORE, August 3.

HAW PAR BROTHERS International will realise a profit of more than \$24m (US\$10m) from the disposal of a major portion of its 18.5 per cent stake in the Hong Kong property development company, Cheung Kong (Holdings).

Haw Par disclosed today that it had contracted with Mr. Li Ka-shing, chairman of Cheung Kong, for the sale of 13.76m shares out of its total holding of 18.76m shares in Cheung Kong at HK\$3.50 per share in cash.

Haw Par added that it will retain its remaining holding of 5m, equivalent to 4.4 per cent of Cheung Kong's issued capital, as a long term investment.

The sale of the shares, which were acquired in 1973, the group said, will give rise to a profit before expenses of approximately \$24.5m, when compared with the current book value.

All the necessary consents for the sale, the group said, had been obtained, and the sale would be completed on September 21.

Haw Par, which will receive some \$54.5m in cash from the sale, said that the funds would be used to reduce the group's debts in the short-term, pending reinvestment.

At the end of 1977, the group had bank overdrafts and loans of \$533.7m and an amount due to trade creditors of \$341.58m. In addition, it had long-term loans and deferred liabilities of \$594.94m.

The funds will help to reduce the group's interest burden which amounted to \$36.5m last year. Cheung Kong is currently riding on the crest of a property boom in Hong Kong. Recently, it announced an increase of more than 100 per cent in net profit, to HK\$75m (US\$31.7m) for the first half-year, to June.

Haw Par stated today that the partial disposal, in the currently favourable market conditions, was in line with its policy of maximising the group's earnings.

This statement, together with recent events at Haw Par, the resignation of its chief executive, Mr. George Magnus, because of policy differences, and the acquisition of significant stake in the group by the leading Singapore bank, the United Overseas Bank (UOB) group—suggest that major developments are in hand at Haw Par.

Meanwhile, the Cheung Kong deal will boost net tangible assets per share by some 23 cents to \$1.21.

Asian dollar market growth

SINGAPORE, August 3.

SINGAPORE'S Asian dollar market grew by US\$1.02bn in June, after a \$208.6m rise in May, the Monetary Authority of Singapore (MAS) has reported.

Reserves of MAS figures showed total Asian dollar assets of \$23.05bn in June, against \$22.03bn in May and \$18.80bn in June last year.

The MAS said that the Asian dollar market was more active in June as deposits increased against a background of higher interest rates and the prospects of a further rise.

The issue of U.S. dollar negotiable certificates of deposit also went up. During the month, outstanding rate CD amounted to \$20m, the ninth issue since November 1977.

Credit advanced to non-bank customers increased to \$5.5bn from \$5.3bn in May and \$3.6bn a year earlier.

Interbank lending increased to \$17.1bn from \$16.1bn in previous month and \$14.2bn in June 1977.

Non-bank customers' deposits rose to \$2.4bn, from \$2.3bn and \$1.9bn respectively while interbank borrowings stood at \$19.7bn, from \$18.9bn, and \$16.5bn.

Reuter

Swiss franc very firm

Conditions in yesterday's foreign exchange market were generally quiet for most of the day interspersed with brief surges of activity. The Swiss franc was strong, heading against most currencies and in particular the dollar. The dollar had started the day a little firmer and the Swiss franc was quoted at Sfr 1.7350. However, the franc was very rapidly won over, and with the Swiss Central Bank declining to intervene to support the dollar, it touched a record level of

in what was described as fairly heavy trading. Against the yen it improved from Wednesday's close of Y187.50 to finish at Y188.25. At one point the U.S. currency touched Y191.01 after an opening level of Y186.10. The Bank of Japan did not appear to attempt any smoothing operations although the day's range was some Y4.4. It seemed unlikely that the dollar would continue to depreciate without staging some sort of temporary recovery and some sources suggested that it had been overvalued during this week. The dollar was also helped by hints that the Japanese authorities were contemplating some form of foreign exchange control although such a move has been widely rumoured for the best part of this week. There was also a good demand for forward dollars by importers wishing to cover future transactions.

The volume of trading in the spot market amounted to \$66m while combined forward and swap dealings accounted for \$74m.

FRANKFURT—The dollar was fixed at DM 2.0335 compared with DM 2.0457 and DM 2.0459 at Wednesday's fixing. The dollar's fall came after its sharp decline against the Swiss franc in addition to a generally good demand for the D-mark. The Swiss franc was also stronger against the D-mark, climbing to DM 1.1355 from DM 1.1370 previously.

ZURICH—Against most European currencies the dollar showed a weak tendency. In spite of its brighter performance against the yen, the market is waiting for any sort of encouraging news from the U.S. and only this is likely to reverse the overall trend. The dollar was quoted at Sfr 1.7357 compared with Sfr 1.7430 previously. In later trading the dollar came under heavy pressure and sank to a new low of Sfr 1.6995 before recovering in largely speculative trading to Sfr 1.7025.

MILAN—The Swiss franc was quoted at Lit 360.00 against the lira at the fixing. The lira was also weaker against the D-mark but gained slightly over the day and was quoted at Lit 1,494.75 compared with Lit 1,485.51 on Wednesday while the dollar eased to Lit 2,842.25 from Y242.55 late on Wednesday.

The yen was also quoted at Lit 4,460 and the Bank of Italy was active in the market to prevent too wide a depreciation of the lira.

TOKYO—The dollar recovered some of the ground lost recently

Swfr 1.6990. It finally closed at Sfr 1.7025, its best finishing level and compared with Sfr 1.7113 on Wednesday.

The yen lost ground against the dollar and was at its weakest during the morning at Y180.25. Later in the day, however, it recovered some of its loss to close at Y188.25 from Y186.30 previously.

The West German mark finished slightly better to the dollar at DM 2.0320 against DM 2.0350. Using Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation since 1973 was 9.1 per cent from 9.2 per cent.

Sterling traded quietly for most of the day and after opening at \$1.9240-1.9250 it eased on a slightly weaker dollar to \$1.9220-1.9230. During the afternoon its positions were reversed and it touched \$1.9350-1.9360 before easing slightly to close at \$1.9295.

On Bank of England figures, the pound's trade weighted index rose to 62.4 from 62.3 on Wednesday.

London's dollar recovered some of the ground lost recently

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Currency, Money and Gold Markets

THE POUND SPOT

Aug. 3	Bank Rate	Day's Spread	Close
U.S. \$	1.9225-1.9250	1.9225-1.9250	1.9225-1.9250
Canada \$	2.1000-2.1025	2.1000-2.1025	2.1000-2.1025
Belgian Fr	8.17-8.22	8.17-8.22	8.17-8.22
French Fr	10.47-10.52	10.47-10.52	10.47-10.52
Italian Lira	16.37-16.42	16.37-16.42	16.37-16.42
Spanish Ptas	166.37-166.42	166.37-166.42	166.37-166.42
Portuguese Esc	200.37-200.42	200.37-200.42	200.37-200.42
Swiss Fr	1.7350-1.7355	1.7350-1.7355	1.7350-1.7355
Yen	187.50-187.55	187.50-187.55	187.50-187.55
Australian \$	0.72-0.73	0.72-0.73	0.72-0.73
New Zealand \$	0.47-0.48	0.47-0.48	0.47-0.48

Belgian rate is for convertible franc. Financial time 63.50-63.55.

Six-month forward dollar 1.57-1.58 pm. 12-month 1.55-1.56 pm.

THE DOLLAR-SPOT

Aug. 3	Day's Spread	Close
Canada \$	0.72-0.73	0.72-0.73
Belgian Fr	8.17-8.22	8.17-8.22
French Fr	10.47-10.52	10.47-10.52
Italian Lira	16.37-16.42	16.37-16.42
Spanish Ptas	166.37-166.42	166.37-166.42
Portuguese Esc	200.37-200.42	200.37-200.42
Swiss Fr	1.7350-1.7355	1.7350-1.7355
Yen	187.50-187.55	187.50-187.55
Australian \$	0.72-0.73	0.72-0.73
New Zealand \$	0.47-0.48	0.47-0.48

U.S. cents per Canadian \$.

CURRENCY MOVEMENTS

Aug. 3	Special Drawing Rights	European Unit of Account
Swiss Fr	1.7350-1.7355	1.7350-1.7355
U.S. dollar	0.72-0.73	0.72-0.73
Canada dollar	0.72-0.73	0.72-0.73
Belgian franc	8.17-8.22	8.17-8.22
Dutch guilder	10.47-10.52	10.47-10.52
French franc	16.37-16.42	16.37-16.42
Italian lira	166.37-166.42	166.37-166.42
Spanish peseta	200.37-200.42	200.37-200.42
Portuguese escudo	200.37-200.42	200.37-200.42
Yen	187.50-187.55	187.50-187.55
Australian dollar	0.72-0.73	0.72-0.73
New Zealand dollar	0.47-0.48	0.47-0.48

Based on trade weighted changes from Washington agreement December, 1971. (Bank of England Index=100).

OTHER MARKETS

Aug. 3	£	¢	Note Rate
Argentina Ptas	1,554-1,556	805-1,607	254-264
Brazil Cruzeiros	1,800-1,802	1,800-1,802	60-64
Chile Pesos	802-803	1,155-1,157	10-10.75
Colombia Pesos	547-553	300-302	25-26
Czech Koruna	1,517-1,518	1,517-1,518	15-16
Danish Krone	9.00-9.02	6,695-6,715	159-163
Deutsche Mark	1.92-1.93	58-59	160-162
French Franc	16.37-16.42	16.37-16.42	160-162
Italian Lira	166.37-166.42	166.37-166.42	160-162
Japanese Yen	187.50-187.55	187.50-187.55	160-162
South African Rand	1.57-1.58	1,570-1,580	1,570-1,580

Rate fixed for Argentina is free rate.

New Zealand Forest buys Marley Co.

MELBOURNE, August 3.

NEW ZEALAND Forest Products has acquired a 90 per cent stake in Marley Co. (New Zealand), a wholly-owned subsidiary of Marley Cement Co. Ltd. The acquisition is subject to approval of the Commerce Commission.

NZ Forest will purchase 1.5m of the 3m NZ\$1 par shares of the company at par.

The acquisition will provide NZ Forest with an entry into the plastics industry, it said. Marley Co. produces plumbing and building plastic products.

enter

Jardine plan approved

By Ron Richardson

HONG KONG, August 3.—THE SUPREME COURT of Hong Kong has approved the proposed arrangement under which Jardine Industries will become wholly-owned subsidiary of the trading conglomerate, Jardine Matheson and Co. As a result, the takeover of Jardine Industries has been approved.

Payment of HK\$4.5m to be made by Jardine Industries to the company is expected to be made by August 14.

In a similar move, the Supreme Court on July 26 approved a takeover of Jardine Industries by Jardine Matheson and Co. (South East Asia).

Japanese bond rules change

TOKYO, August 3.

THE JAPANESE Finance Ministry changed its accounting rules for government bonds, effective September 30, to allow them to be valued at market prices.

The change, applying to banks and all other financial institutions, and effective September 30, provides for the institutions to build up reserves equivalent to 1 per cent of the book value of their outstanding government bond holdings.

Until they reach this level, banks will in each six-month accounting period from now set aside out of after-tax profits 3 per cent of the net increase in their national bond holdings in the period.

Reuter

OFFSHORE BANKING

New freedom welcome in Singapore

BY PETER WEINTRAUB IN SINGAPORE

RECENT move by the Singapore banking authorities to allow offshore banks to operate freely in the Republic has been warmly welcomed by the Republic's banking community, which has long been a stronghold of offshore banking.

Since last month, Singapore's offshore banks have no longer been obliged to make a minimum 10-year \$25m term loan to local residents before extending such services as Singapore dollar deposits, credit, short term borrowing and export financing. The limitation now is that an offshore bank's loan to Singapore residents must not in the ordinary way exceed \$500m, an amount believed to be double the previous restriction.

While some offshore banks, conditioned to ignoring the domestic market, have suggested that it would require time to get used to the new regulations, it is little doubt that they most all welcome the opportunities they offer, and that as consequence Singapore's standing as a banking centre has been enhanced.

The authorities here have long laid down, at least publicly, the idea that Hong Kong's incorporation as competitors for banking business in South-East Asia, pointing instead to what is referred to as the "complementary" of the two centres. Only last month this view was reinforced by the Prime Minister, Mr. Lee Kuan Yew.

Nevertheless, many bankers

Setback at Scindia

BY OUR OWN CORRESPONDENT BOMBAY, August 3.

SCINDIA STEAM Navigation Company carried more cargo, and improved its by Rs 100m to Rs 979.22m (\$117m) in 1977 despite the world-wide depression in shipping. But pre-tax profits fell to Rs 208.57m (\$10m) from Rs 248.57m (\$12m) in 1976-77.

Although the Indian shipping industry has been able to deploy its ships, profitably, the earnings capacity and liquidity of the industry has been affected by the depression. As in many maritime countries, the Government here has taken steps to assist the shipping industry.

The Indian National Shipowners' Association is pressing the Government to provide a re-financing umbrella for ship acquisition on concessional terms, and to reschedule existing loans to shipping companies.

The Government is also pressing for a reduction in the official foreign exchange order to strengthen its position.

Deficit at M-F Australia

BY JAMES FORTH SYDNEY, August 3.

MASSEY-FERGUSON Holdings (Australia), the Australian-owned tractor and agricultural machinery group, incurred a loss of A\$3.7m (US\$3.7m) in the April half-year, and the directors do not expect to return to profits until next year.

The company earned a profit of A\$1.63m in the first half of 1976-77, but incurred a loss of A\$3.03m for the full year, after falling into this in the second half.

The directors said that they expected Massey-Ferguson to benefit from improved trading in the second half of the current year, but that this would be insufficient to recoup the A\$3.7m loss in the first six months.

S.A. Newspapers ahead

BY RICHARD ROLFE JOHANNESBURG, August 3.

DESPITE indications of a continuing squeeze on the newspaper industry, figures from South African Associated Newspapers for the six months to June 30 show an improvement in operating profit from R10.7m to R11.5m (\$1.5m). But cost-cutting by the group, which controls the Rand Daily Mail, Sunday Times, Financial Mail and various regional papers, was the prime influence on the profit performance, as advertising revenue fell 3 per cent.

Reuter

New York rates mixed

INTERNATIONAL MONEY MARKET

New York rates mixed

Treasury bills rates showed

with 3.6 per cent on Wednesday. Three-month money was also mixed, with the one-month rate unchanged at 4.1 per cent while the six-month rate was unchanged at 4.1 per cent.

In the final week of June, the net central currency reserves of the Federal Reserve Bank rose by \$1.0

The Property Market

BY JOHN BRENNAN

Barclays bows out of property trusts

BARCLAYS BANK is to close the last of its troubled property unit trust operations.

The bank, which lost around £15m earlier this year on the financially disastrous Tour Astro office tower in Brussels — after bailing out and subsequently selling the portfolio of the Grasshopper Property Unit Trust — is now to wind-up the £2.7m Barclaytrust International Property Fund.

The decision means that the bank has completely abandoned the property unit trust market, although its in-house fund, Barclay Trust Property Unit Trust, is unaffected.

In a statement to unitholders the chairman of Barclaytrust International's management committee, Nigel Mobbs — the chairman of Slough Estates — explains that "lack of subscriptions has prevented the Committee of Management from building up the Fund's portfolio in the manner envisaged at the outset."

After a run of unit cancellations last year, Mr. Mobbs explains that the trust sounded out opinions amongst unitholders and came to the conclusion that "it was apparent that the level of interest in the Fund was limited."

As future subscriptions were likely to be minimal, and further withdrawals might have forced an untimely sale of the fund's properties, the alternatives of mergers with another unit trust or winding-up were considered. As demand for prime overseas investment properties is high,

the committee decided to wind-up the fund and dispose of the properties individually.

The fund, which was set up in 1974, shortly before the introduction of tighter foreign currency regulations and the slide in the value of the pound made overseas property investment increasingly difficult, did manage to acquire a portfolio of shop and office properties in Amsterdam, and a small office block in St. Helier, Jersey. The portfolio was valued at £2.4m in January, and all the properties have now been sold.

Unitholders are expected to receive a final pay-out of around £1,040 per unit, £150 more than the January 1977 cancellation price.

APT changes advisers

THE AMERICAN Property Trust has decided to sever its links with its U.S. property advisers, Citizens and Southern Bank of Atlanta, and has handed the job over to surveyors Richard Ellis.

APT, one of the first of the British unauthorised unit trusts to move into the U.S. real estate market, has used Citizens and Southern's property department as its local adviser since 1974. But the £12m fund, backed by nine of the larger pension funds, has decided that as the bank's problems with Real Estate Investment Trusts forced it into the red last year, it could prove an

embarrassment when the next issue of units is launched in a few weeks.

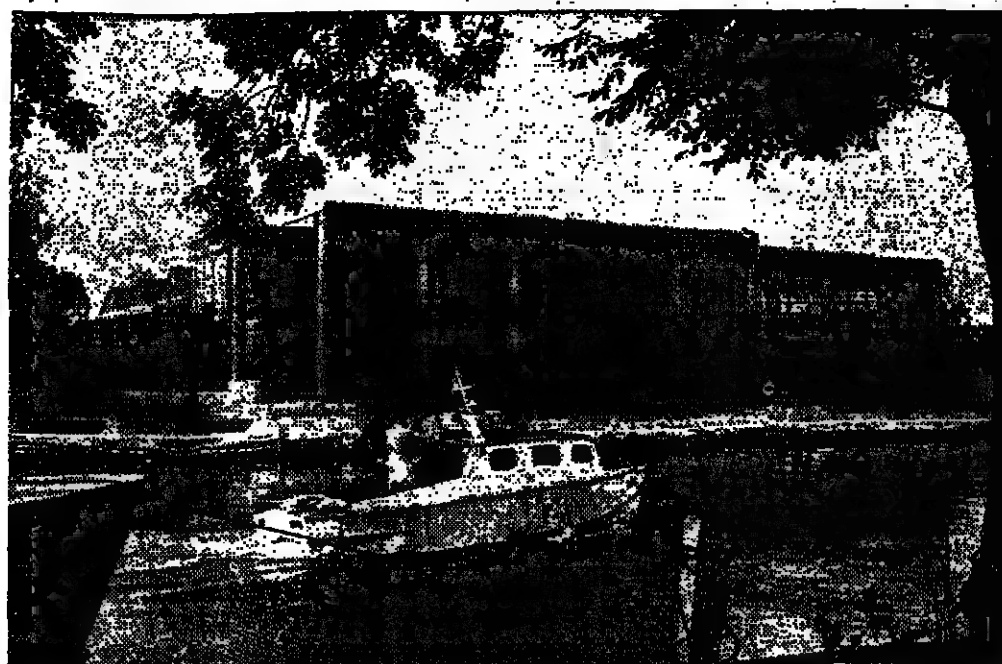
County Bank, APT's financial advisers, say that the trust has been happy with Citizens and Southern's advice, but that the Committee of Management, headed by Bobby Dashwood, managing director of British Rail's property Board, felt that property advisers with long standing in-house property problems did nothing for the Trust's image.

Ellis, which has been the Trust's independent valuer since its inception, will now open an office in The Citco Building, Buckhead, Atlanta. The firm opened its first U.S. office in Chicago in 1976.

On the other side of the U.S. in California, the Japanese financial institutions have been making the running among overseas investors in recent months.

Elizabeth Prochotka, Vice-President of International Real Estate Councilors of Chicago, calculates that Japanese buying will account for at least 15 per cent of the \$4bn of foreign investment in U.S. property this year, and that the inflow of Japanese money has increased significantly as the Dollar-Yen parity has moved against the U.S.

Initial purchases on the U.S. West Coast have been followed up by heavy Japanese buying interest in the Mid and South West, and Miss Prochotka reports the greatest demand is for vacant land, which sells for an average of \$125 a square foot in Houston, Texas compared to \$4,000 a square foot in Tokyo.



McKay Securities' has finally found tenants for its award winning Excel House office and warehouse development at Reading. The buildings, which were commended in last year's FT Industrial Architectural Awards, sub-divide into two, and joint letting agents Donaldsons and A.C. Frost have now signed up Zanussi, Europe's largest white electrical goods manufacturer, as tenant of one 30,000 sq ft unit.

IN BRIEF

STANDARD LIFE'S £23.2m Pooled Property Fund sounds a note of caution about industrial and warehouse rents in its 1978 investment report. The fund, which holds 51 per cent of its properties in the industrial sector — against a 34 per cent shop holding and 35 per cent office — notes that "the most surprising feature of the rental market during the year has been the rise, concentrated mainly in the last six months, in the rentals of industrial and warehouse properties. The increase has become particularly notice-

able in the South East and is now gradually spreading throughout the country."

Standard goes on to say that, "in view of the continuing uncertainty in the long-term economic outlook, it appears that a significant part of this increase in demand is a result of company reorganisation rather than of expansion and as such could be of limited duration."

Standard is still avoiding purchasing completed investment properties as it feels that "yields have been forced down too far."

PROPERTY FUNDS for pensions and charities significantly out-

performed the FT Industrial Ordinary Share Index, and beat the All Share Index in the year to the end of June.

Harris Graham and Partners' survey of pooled pension funds, published this week, shows an average year-on-year growth of 21.4 per cent for the 27 funds it reviews, against a 6.8 per cent rise in industrial shares and a 16.6 per cent increase in the All Share Index.

In the first six months of this year the median return on property funds works out at 8.3 per cent compared with a negative return of -3.7 per cent on the All-Share Index.

The £57.7m Hanover Property

Financial Times Friday August 4 1978

ing space — 8,860 sq ft of offices and 16,860 sq ft of warehousing — under offer at a £75,000 a year asking rent.

McKay's development was built on the site of Reading's former Excel bowling alley, and the transformation of another local leisure facility to industrial use, GRA's former greyhound stadium site, is now well under way.

Trafalgar House's subsidiary Builders' Amalgamated, acquired GRA 10 acre site some years ago and has now completely let the 105,000 sq foot first phase at rents between £1.50 and £1.80 a sq ft.

As the eight units have been built as small as 7,400 sq ft, letting agent Hampton and Sons' main problem has been vetting the covenants of countless small groups interested in the scheme.

In the end, tenants on 25 year leases include Tate and Lyle, Caversham Metal Works, Vidal Sassoon Holdings and Newey and Eyre.

Work has now started on the 112,000 sq foot second phase, and two pre-lettings around the £2 a sq ft asking rent already account for 25,000 sq ft of the new buildings, which will be completed from July, 1979.

Unik Trust led the way in the property sector, with a year-on-year increase in value of 36.7 per cent. And the £7m Abbotston Agricultural Property Unit Trust held its three year record as one of the top two performing funds with a 36.4 per cent rise in value over the year.

HBI Samuel's Mutual Agricultural Property Fund, came third in the HG survey with a 35.5 per cent growth.

THE ALFRED MARKS BUREAU provides additional ammunition for relocation enthusiasts with its latest Survey of Secretarial and Clerical Salaries.

The 45th edition of the survey,

Property Deals appear on Page 25

INDUSTRIAL AND BUSINESS PROPERTY

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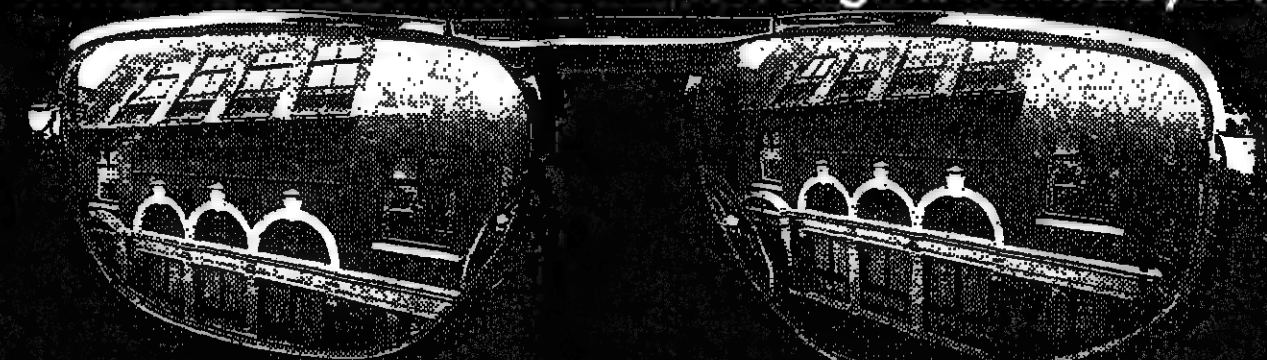
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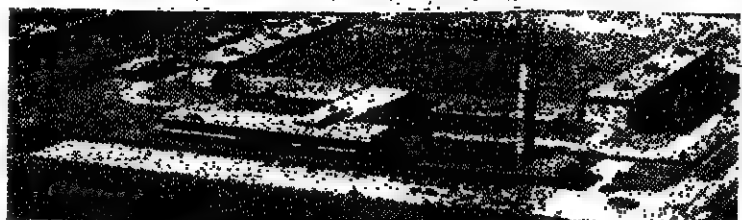
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PROPERTY DEALS

DLT kills ice rink scheme

EDINBURGH ICE RINK has decided not to go ahead with plans for a new ice rink development on its 3-acre site at Ferry Road, Edinburgh.

Ian Dougal, Edinburgh Ice's chairman, explained yesterday that after a revised cost study of the scheme his board, and the British Linen Bank, the company's financial advisers, feel that it would be too expensive to proceed. In February the company reported that all but £10,000 of the £371,000 estimated building costs would be covered by the gross proceeds from the sale of the company's headquarters building at Haymarket Terrace in Edinburgh. But Edinburgh Ice has since been faced with a £243,000 liability to Development Land Tax following the sale, and although the company is now appealing against the assessment, at the same time estimated building costs on the new rink scheme have risen to around £700,000, effectively killing the scheme.

The company is now considering the possibilities of an association with another ice rink group or of selling its Ferry Road land. But as the site is zoned for recreational use, and such a disposal would leave the group as a cash shell with potential capital gains liabilities, Mr. Dougal has only limited room for manoeuvre.

In the meantime, the shares, last traded at 97p, have been temporarily suspended. Until the DLT liability is settled and any potential CGT liability assessed it is impossible to put an accurate value on the stock. But even assuming the worst possible tax problems the shares are backed by between £1 and £1.50 cash.

NSS NEWSAGENTS which recently moved into the former Budget store at 48-50 in Bicester High Street, has now bought on Abbey Life's freehold interest in the building for £100,000. Hammond Phillips Partnership acted for NSS on the 7,000 sq ft store. HP has first completed two other recent deals to the newsagents, taking on Carlor's 8,760 sq ft former shop in West Walk at Yate, near Bristol for a rent of £16,000 a year, and organising a move into the Newday Publishing Company's old premises in the town centre scheme at 1-3 The Mall and 60-62 Church Street in Exeter, for £25,000. NSS paid a £25,000 premium for the lease, which runs to 1991 at a rental of £9,050 reviewed in 1985. Davis and Collier acted for Newday.

THE CHURCH COMMISSIONERS have now let the whole of their new 18,000 sq ft air conditioned office space at 100 Rochester Row, Victoria for £7.55 a sq ft to London and Northern Group's subsidiary, Pauling and Co. The

Commissioners, advised by Cluttons, have let the unit and its executive car and 10-car parking spaces, on a standard 25-year, five-year reviewed exclusive lease.

Gross Fine and Krieger Chalfen, who acted for L and N will be assigning Pauling's remaining 7-year leasehold on the group, existing 10,000 sq ft of offices at Mountbatten House near the air terminal in Victoria, once rent review negotiations, bringing the lease from its current £1.50 a sq ft, are completed.

The Rochester Row letting helps to confirm the strength of letting demand shown in Leslie Lintott and Associates' latest survey of air conditioned offices in the greater West End. The survey records a take-up of over 100,000 sq ft of air-conditioned space in June, bringing the three-month rolling average above 100,000 sq ft despite a very depressed market in May, when just 23,000 sq ft were let or withdrawn.

The June lettings cut the over-200,000 sq ft of space in the category in Victoria and the West End to £1.3m sq ft. The lettings bring average asking rents back to the 1978 peak of £11.71 a sq ft and into the over £13 a sq ft bracket for larger, prime located units.

C & A has decided to abandon its plans for a major store development in Dublin and has now sold its Mary Street site to Marks and Spencer which until now has only had one Irish outlet in Belfast, Northern Ireland. C & A has taken on a site occupied by a temporary tenant, and once the space is vacated, the group will build a 25,000 sq ft first phase store which will eventually be joined to a similar sized addition bringing the total retail space to round 55,000 sq ft. The store is expected to be open for trading early in 1980.

NOTTINGHAM-based developers Field Estates reinforced its links with the Canada Life Assurance Company last Friday by completing the firm sale of its St. Margaret's Way shop scheme in Leicester, Canada Life, which bought Field's shop project in Derby last year, arranged to buy the 63,000 sq ft Leicester development last November, and the deal was triggered by the beginning of trading by the home improvements group Dodge City—which occupies 26,000 sq ft—and Queensway Furnishers—taking the remaining 37,000 sq ft. Both stores pay around £1.80 a sq ft on a 25-year, five-year reviewed lease.

As Field, and now Canada Life, pay only a peppercorn rent to Leicester council for a 99 year lease on the site, there are no ground-rent charges to depress the fund's yield, which works out at an initial return of 8 per cent as the developer retains a slice of the rents until the first rent reviews in 1983.

J.B.

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Write in complete confidence
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Write in complete confidence
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FARMING AND RAW MATERIALS

Italy gets surplus skim powder

By Our Commodities Staff

PART OF the Common Market's surplus of skimmed milk powder is to be transferred to Italy to cover shortages there.

The EEC has just published a new regulation allowing 100,000 tonnes of skimmed milk powder to be transferred to Italy to cover shortages there.

The powder will be used for pig and poultry feed and is intended to help stabilise prices. The arrangement allowing the transfer will run until the end of 1979.

Similar schemes have been run in the past. Italian wheat supplies have been bolstered with shipments from French intervention stores.

There have been other transfers of skimmed milk powder and when beef supplies were tight in Italy recently, intervention stocks from elsewhere were shipped in.

Deadlock over Antarctic fishing pact

Buenos Aires, August 3.

A TWO-WEEK Antarctic treaty conference has ended in failure as no deal was reached over sovereignty and the size of the fishing zone.

The meeting, which aimed to produce a plan for conservation of sea-life in the Antarctic based on a scheme drafted last March in Canberra, ended with an official admission that "there is no agreement on the treaty".

Delegates from 13 treaty countries agreed in principle to meet again in Washington in September before considering the scheme again at a conference in Canberra later this year.

Seven countries claiming sovereignty in the Antarctic pressed hard for complete adoption of a system aimed at preventing indiscriminate plundering of Antarctic fish and seal resources, along the lines of international Whaling Agreements.

The claimant countries are Britain, Australia, New Zealand, Norway, France, Chile and Argentina.

But major fishing nations, including the Soviet Union, Spain and Poland, argued that their activities in areas they regard as international waters are unlikely to cause extinction of species.

Critical period ahead for UK cereal crop

By Our Commodities Staff

RECENT FORECASTS of a record grain harvest appear to have been over-optimistic, Mr. Chris Righton, chairman of the National Farmers' Union cereals committee, said yesterday. "The next eight weeks will be critical," he added.

In June the Ministry of Agriculture estimated the cereal crop in England and Wales this year at a new record of 14.8m tonnes, compared with last year's 14.1m tonnes.

It qualified its forecast with the rider that the record would be achieved only if the weather held out.

But heavy rain has hit many of the grain growing areas of the country in recent days.

The storming of last weekend has made it difficult to estimate the potential harvest, Mr. Righton said.

"Winter wheat which had looked well almost everywhere have, in some areas, been battered to the ground."

The weather would obviously have affected both the quality and the quantity of grain to be harvested this summer and also pushed up the cost of cutting it.

The Ministry responded sharply with a statement saying it was still too early to make

any clear assessment of how the harvest would turn out.

Recent rain "will not have helped," the statement said. But as always, much would depend on the weather in August.

The National Farmers' Union told Reuters later that the winter wheat crop might suffer worst, but he added that if the weather improved over the next five or six weeks the record crop could still be saved.

The London Weather Centre has forecast a wetter August than normal for the south of the country and about average rain fall in the north.

Warm spells are also expected although the weather should be mostly "rather cool."

Crops other than grain appear not to have suffered greatly in the rain even though falls of up to 2 1/2 in were recorded in most of East Anglia last weekend.

Late cherries and some soft fruit crops have been damaged by the rain, the Fresh Fruit and Vegetable Information Bureau reports. But plums are still in good condition.

Wet conditions are expected to slow down harvesting of field vegetables although no real damage has been done. Most at risk are the exposed cabbages.

cauliflowers.

Prices may rise if the mud is bad enough to keep vegetable harvesters out of the fields, the bureau says.

Because of the bad weather demand for salads has slackened and some farmers have begun ploughing in lettuce because prices are so low.

Mr. Righton, Welsh correspondent, says many farmers in Wales are still struggling to complete the hay harvest and could be short of fodder this winter, according to the Farmers' Union of Wales.

The union reports that while many lowland farmers were able to take full advantage of the spell of fine weather during the third week of July to get in the hay harvest, in many Welsh hill areas cut crops have deteriorated badly and any hay gathered during the past fortnight has been of very poor quality.

"Many are still struggling to rescue what they can and generally it has been a disappointing and frustrating harvest for the reports of farmers," the union said.

"Good quality hay will be at a premium this year and many may be faced with the prospect of buying at inflated prices."

More gains in world sugar prices

By Our Commodities Staff

THE FIRMER tone in world sugar futures prices was maintained yesterday. In the morning the London daily price for raws was fixed 23 a tonne higher in the wake of Wednesday's gains.

December sugar gained 1.95 a tonne on the day, in the London terminal market, closing at 322.55 after touching 323.50 a tonne during the afternoon.

In Paris, futures at Denrées closed at 1978.79 francs, a 10.50 franc gain on the 1977-78 season, but disappointing for the white sugar trade if the weather in Europe remained favourable.

The premium for white sugar over raws might encourage countries like Argentina and Brazil to develop sales of white sugar and companies also feared the U.S. might enter the world market with large amounts for export if a compromise was not reached on domestic pricing policy.

Prices could be further depressed if there were more delays with the U.S. decision on ratification of the International Sugar Agreement.

Among potential buyers were the Chinese, who have been on the market for three months; and Japan and Canada, both of which reduced imports in the first half of the year and may be expected to start buying soon.

However, the winter barley crop is now growing fast thanks to a number of factors. In the first place there are some new strains, in particular a French variety Sonia a two-row barley, with a berry almost as good as spring barley and some maturing potential.

This will undoubtedly be followed by others of the same sort. These have straw of quite good standing power and so can tolerate heavier applications of nitrogen than most spring barleys. Yield is a direct result of quantities of nitrogen applied.

Then there are a whole host of sprays that can now control to some extent foliar diseases, which used to reduce yield. It is possible that there is a law of diminishing returns which could restrict the maximum economic use of these. But so far that does not seem to have been reached. Like most farmers I watch the crop, and apply sprays when I think it really necessary.

But the most important advantages are practical. We seem to be having a succession of late springs followed by dry months of May and June. These conditions inhibit the development of spring sown barley, but autumn sown crops have made most of their root growth by late spring and have little more to do but develop yield.

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UK AGRICULTURE

Winter barley comes into its own

By John Cherrington, Agriculture Correspondent

LAST SATURDAY was too good to last and in fact it has rained on and off ever since. It was the best harvesting day my farm has enjoyed for years, and I was taking full advantage of it.

Three combines were working, one on winter barley and two on grass seed, and I was already hopeful of wrapping up this side of my harvest, about a third of the total, on Sunday afternoon, when darkness drove us out of the field that evening.

We had started the winter barley on Monday and the first returns showed that it indeed was, as I had thought, likely to be the crop of the year. It was standing well and remarkably free of disease. Thanks to the use of pre-emergent weed killers, there is no competitive vegetation to deny its full potential.

A few years ago growing winter barley was considered to be definitely unattractive. It was alleged to carry disease and fungi through the winter to infect the next crop. In fact growing it is illegal in Denmark for that reason.

It used not to be popular in Britain, except for one malting variety, Maris Otter. The other strains on offer were not very good, although quite heavy yielding.

However, the winter barley crop is now growing fast thanks to a number of factors. In the first place there are some new strains, in particular a French variety Sonia a two-row barley, with a berry almost as good as spring barley and some maturing potential.

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On my own farm we had little rain but a lot of low temperatures between mid-May and the end of July. As a result the spring sown barley looks dreadful, as it does in much of south and west England.

However, the winter barley crop is now growing fast thanks to a number of factors. In the first place there are some new strains, in particular a French variety Sonia a two-row barley, with a berry almost as good as spring barley and some maturing potential.

This will undoubtedly be followed by others of the same sort. These have straw of quite good standing power and so can tolerate heavier applications of nitrogen than most spring barleys. Yield is a direct result of quantities of nitrogen applied.

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Why don't I plump for the lot? I could then have a system of farming which would just have a peak of autumn work, and then no more than a little gentle spraying through most of the rest of the year, culminating in harvest at a very much easier period than during August and September.

It is a good question, and my answers are based more on instinct than on logic. To begin with I was brought up to be a rotational farmer, and taught that the most awful retribution even those who grew successive sown crops.

Monoculture of any sort encourages a build-up of weeds and diseases, which in some respects are difficult to control, even with the array of chemicals we have to hand.

On this basis every extra tonne of barley grown would cost the taxpayer a great deal of money. How long would he be prepared to go on doing so? This is not of immediate concern but could be in the long term.

So I diversify into "break" crops, so that I can grow wheat following them. These are grass for seed and grass and peas, all of which are much more difficult to grow successfully than barley.

On Saturday I was combining about 50 acres of ryegrass seed. It's a slow job, and the yield is not particularly good. I am told by my contracting merchant, that the price won't be very high because the Continental warehouses are full of the stuff.

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STOCK EXCHANGE REPORT

Widespread firmness leaves index just below 500 but All-share reaches peak since compilation in 1962

Account Dealing Dates

Option

First Dealers Last Account

Dealings Dealings Day
July 24 Aug. 3 Aug. 4 Aug. 15
July 25 Aug. 4 Aug. 13 Aug. 20
Aug. 21 Aug. 21 Sep. 1 Sep. 13

* New time "dealings" may take place from 9.30 a.m. to 2.30 p.m. on business days.

Leading equities tried again yesterday to pierce the FT 30-share index level but closed within a hairsbreadth of it with a rise of 4.0 at 499.2. Secondary issues, however, assured the market of some reward for its efforts by assisting the FT-Actuaries All-share index to the broadest measure of market trends, into new high ground since compilation in April 1962; the rise was 0.7 per cent at 228.34.

Conviction that the 30-share index would achieve the awaited breakthrough was evident early in the day but enthusiasm around the FT 30-share index was a host of secondary stocks where trading conditions were less difficult. The leaders, still subject to stock shortages, subsequently eased from the best business response to Wall Street's opening strength and settling at the day's highest.

Some potential buyers may have been discouraged by the absence of a cut in Minimum Lending Rate, but market opinion was that this was bound to occur sooner rather than later. The number of bargains marked rose to 3,746 which is the highest figure since May 14.

A more detailed assessment of the Government's plans for increased North Sea revenue by way of higher tax charges saw equilibrium restored in oils and ancillary North Sea stocks, but the resultant recovery in prices was usually small.

Gilt-edged securities continued to impress although the volume of business among the shorter maturities was less than on Wednesday. The market took the unchanged MLC announcement in its stride and a token rise was effected in the longer end of the market.

Exchequer 12 per cent 1981/2000 which made its debut yesterday in £15-par form. Further modest switching into the near-short end of the market was evident.

At which the Government broker was last, and is believed to be still, operative.

Wall Street's upsurge produced a marked recovery in the investment currency unit, with sellers initially scarce, the premium jumped to 108 1/2 per cent. Eventually, the rush subsided and the rate slipped back to a close of 108 1/4 per cent for a rise on the day of 0.1 points.

Yesterday's SE conversion factor was 0.828 (0.8708).

Activity in Traded Options

diminished further. Only 424

contracts were completed compared with the previous day's 638

while nearly 50 per cent of the business transacted in two stocks.

Laid Securities, 135, and Cons Gold, 52.

European market encountered further demand and, with no sellers to impair progress, improved 8 to a peak of 170p compared with an issue price of 100p.

Insurances firm

A firm trend prevailed in Insurances. Ahead of Monday's interim results, Commercial Union edged forward a penny to 158p.

while Royal Indemnity rose 3p to 150p. The latter's share price rose 3p to 150p.

The banking sector had little to offer. Discount moved higher in sympathy with firm gilts.

Secombe Marshall and Campion added 10 to 220p in a thin market.

Recent disappointing interim dividend continued to deter buying of the major clearing banks and prices hardly moved from overnight levels. Domestic and investment companies, however, influenced by Hong Kong and Shanghai to improve 8 to 342p.

While Wells Fargo put on 11 points to 223p.

After the previous day's rise of 21 following the announcement that the company had sold its 21.4 per cent stake in Trust Houses Forte to various institutions, the share price rose 10p to 234p.

Belhaven responded to the chairman's comments at the annual meeting with a rise of 3 to 33p.

Elsewhere, Distillers moved up a little amount at 200p following Press comment on the industry. Buildings continued firmly with

Construction issues particularly sought. Richard Costain firmed 4 to 307p and Taylor Woodrow 4 to 308p.

While John Laing A put on 7 to 200p aided by new time interest. SGB, 163p, improved 3 to 166p.

Thames Valley rose 4 to 188p, while John Laing A put on 7 to 200p.

Further significant demand and progress and firmed 3 more to 273p.

While Nottingham Brick added 8 to 300p and Redland 4 to 160p.

London Brick gained a further 10p to 74p. Ormeau developments were re-quoted at 531p, and closed at 53p compared with the suspension price of 50p.

awaiting developments; Saint Phru held steady at 33p.

Waring & Gillow up

Stores encountered a good selective demand. Among the leaders, Debenhams rose 4 to 97p.

as buyers appeared ahead of the shares going to auction on Monday and fresh speculative interest left Burton Ordinary a penny dearer at 158p and the A2

up 12, and Wallis revised with an improvement of 5 to 200p.

Dixons Photographic, on the other hand, cheapened 3 more to 143p on further consideration of the disappointing results.

Philips Lamp rose 30 to 933p on dollar premium influences.

Thorn Electrical rose 6 to 380p, while gains of 4 were seen in GEC, 282p, Royal Electronics, 480p, Allied Pico, 89p, Best and May, contrasted with a reaction of 5 to 57p on disappointment with the results.

Other dull spots included makers, Henry Wigfall 7 off at 237p, and Farwell Electronics, 8 cheaper at 335p.

Secondary stocks provided most of the interest in Engineering. Buying in a thin market left Starline up 9 at 95p and Peter Brotherhood 8 higher at 132p.

Adwest, 270p, and Martonair, 158p, rose 6 pieces, while Weisley Hughes added 12 to 210p.

Press-inspired gains of 2 and 4 respectively were recorded in Brahm Miller, 40p, and Baker Perkins, 118p.

TACE hardened 11 to 251p despite lower interim earnings. Comment on the results helped Aerow to firm 4 more to 122p.

The quietly firm leaders had John Brown a couple of pence harder at 430p and GKN a like amount better at 387p.

Shipbuilders were notable for a rise of 7 to 195p in Vosper.

Alpine Soft Drinks featured Foods with a jump of 14 to 148p following renewed interest in a restricted market.

Gains of 4 were seen in B&W, 128p, and Watson and Philip, 55p, while investment demand lifted Nordin and Peacock 3 to 35p.

In Supermarkets, Tesco closed a shade better at a 1978 peak of 50p.

City figured prominently in

Hotels and Caterers, closing 12

better at a 1978 peak of 138p as

bid talk revived. Following the

previous day's reaction of 5 on the

announcement that the Allied

Breweries shareholding had been

sold to various institutions for

23p per share, interest in Trust

Houses Forte subsided and the

price steadied to 230p, up a

penny. Warner Holidays "A"

edged forward to 241p in response

to the chairman's optimistic

statement.

Compton Webb rise

Miscellaneous Industrial leaders

continued firmly but, 2 on Wednesday, closed below the best in

place. Beecham improved 6 to 103p, after 705p, and Glaxo closed

3 to the good at 380p, after 600p.

Bowater finished 8 higher at 156p

with sentiment helped by news that the group is to increase its

U.S. price of newspaper by just

under 5 per cent from October.

First-quarter profits in line with

expectations and news that its

British Columbia Pulp and paper

interests are to be sold left Reid

International 4 to the good at 135p.

Elsewhere, Compton Sons and

Webb moved forward late, touching

a 1978 peak of 50p before

international 4 to the good at 135p.

Following news of the bid

approach from Vantage, the latter

closed 3 off at 127p after un-

improved interim figures. Press

comment attracted buyers to

Brook Street Bureau and the

close was 5 up at 75p while

further speculative buying in thin

markets prompted fresh gains of

7 and 25 respectively in Hams,

80p, and Hunting Associated, 245p.

Thomas Witter improved 3 to 33p

after the increased first-half earn-

ings and James put on 4 to 44p.

Trading news, Wood and Sons

also improved 3 to 49p, on bid

hopes. Baker gained 2 to 35p in

response to chairman's optimistic

remarks at the AGM. ICI Gas fell 13 to 380p unsettled

by the chairman's profits warning.

Hoover A relinquished 3 to 38p,

after 287p, following the dis-

appointing second-quarter figures.

Still reflecting hopes of record

trading during August, Motors

and Distributors continued to

attract a good two-way business

and closed firmly. Rover Motor

stood out at 128p, up 4, while in

interest was also shown in Lex

Service, a penny harder at 88p, and

Keenings, 21 firmer at 76p.

Commercial Vehicles had an isolated

share 130p which finished 7

better at 118p following the com-

pany's statement on dividends.

Among the leaders, Lucas Indus-

tries improved 4 to a 1978 peak

of 328p.

Aided by the modest recovery

made by North Sea oil stocks,

Thomson firmed 7 to 275p and

Associated Newspapers 5 to 138p.

Elsewhere, W. N. Sharpe added 10

to 212p in continued response to

the impressive interim results,

and Dickinson Robinson rose 7 to

133p, the latter's interim figures

are due on September 20.

With hopes of lower interest

rates still a factor despite yes-

terday's unchanged Minimum

Lending Rate, Properties made

further progress in the largest

turnover for some time. Leading

leases traded actively around over-

nights levels and usually held

modest improvements, but Stock

Conversion eased 3 to 272p in

late dealings. Secondary issues

supported included Comay and

Distel, 5 better at 100p, Ham-

merston A, 7 up at 565p, and

Churchbury Estates, 10 to the

good at 315p. A. and J. Mucklow

improved 9 to 125p on country

buying.

Oils steady

Oils rallied initially and

regained the bulk of the previous

day's falls that stemmed from the

Government's plans to increase

Petroleum Revenue Tax, but

closed some way below the

session's best levels after a dis-

counting trade. British Pet-

roleum, down 12 on Wednesday,

netted 448p before finishing a

net 4 up at 842p. In a similar

circumstance, Shell closed 3 up

at 871p. Away from the

leaders, British Petroleum

encountered speculative buying

and firmed 6 to 164p.

Investment Trusts made another

firm showing in the wake of

renewed strength on Wall Street.

City and Foreign stood out at

232p. Consolidated Gold Fields

and Selection Trust also finished

2 higher, at 188p and 438p

respectively.

There was selective buying of

Australians, but the market was

mixed in line with the perfor-

mance of Sydney overnight. London

prices were pushed higher by the

premium. Features included

ACTIVE STOCKS

Denomina- No. Closing Change 1978

tion marks price (p) on day high low

ICI Stock 51 380 + 2 380 380

ICI 11 133 + 4 133 102

ICI 9 842 + 4 856 730

ICI 25 9 232 + 3 234 104

ICI 25 9 232 + 3 234 104

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HEALEY & BAKER
ESTABLISHED 1850 IN LONDON
29 St. George Street, Manchester Square,
London W1A 3BG. Tel: 01-629 9292
CITY OF LONDON 118 OLD BROAD STREET
LONDON EC2N 1AR 01-628 4361

FT SHARE INFORMATION SERVICE

BONDS & RAILS—Cont.

High	Low	Stock	Price	%	Div	Yield
55	42	Irish 3 1/2% 1980	55	—	4 1/2	5.00
55	42	Irish 3 1/2% 1980	55	—	4 1/2	5.00
55	42	Irish 3 1/2% 1980	55	—	4 1/2	5.00
55	42	Irish 3 1/2% 1980	55	—	4 1/2	5.00
55	42	Irish 3 1/2% 1980	55	—	4 1/2	5.00

BRITISH FUNDS

Shorts (Lives up to Five Years)

Each 10p 1000

Each 10p 1000

Each 10p 1000

Each 10p 1000

Each 10p 1000

Each 10p 1000

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BANKS & HP—Continued

High	Low	Stock	Price	%	Div	Yield
114	56	King's Shipyards	114	—	3.44	8.4
114	56	King's Shipyards	114	—	3.44	8.4
114	56	King's Shipyards	114	—	3.44	8.4
114	56	King's Shipyards	114	—	3.44	8.4
114	56	King's Shipyards	114	—	3.44	8.4

CHEMICALS, PLASTICS—Cont.

High	Low	Stock	Price	%	Div	Yield
114	56	King's Shipyards	114	—	3.44	8.4
114	56	King's Shipyards	114	—	3.44	8.4
114	56	King's Shipyards	114	—	3.44	8.4
114	56	King's Shipyards	114	—	3.44	8.4
114	56	King's Shipyards	114	—	3.44	8.4

ENGINEERING—Continued

High	Low	Stock	Price	%	Div	Yield
114	56	King's Shipyards	114	—	3.44	8.4
114	56	King's Shipyards	114	—	3.44	8.4
114	56	King's Shipyards	114	—	3.44	8.4
114	56	King's Shipyards	114	—	3.44	8.4
114	56	King's Shipyards	114	—	3.44	8.4

BEERS, WINES AND SPIRITS

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Each

Top quality
ventilation
Vent-Axia
the fug fighter

FINANCIAL TIMES

Friday August 4 1978

BELL'S
SCOTCH WHISKY
BELL'S

MPs want stronger committees

BY RUPERT CORNWELL, LOBBY STAFF

A RADICAL blueprint for a new system of more powerful select committees at Westminster, each commanding much greater resources and shadowing an individual Whitehall department, was put forward yesterday by an influential group of MPs. But the Commons select committee on procedure has failed to agree on any recommendation to change drastically the pattern of sittings — to the disappointment of many younger MPs, especially on the Labour side, and of their wives, strongly critical of the late hours worked by Parliament.

Main findings

These are the main findings of a report issued yesterday by the 14-man committee after more than two years of study and 68 meetings, against a background of mounting resentment at the inefficient way the Commons runs its business.

As well as the reform of select committees, increasingly backed by MPs of all persuasions, the report suggests a significant development in the legislative process. It wants outside expert witnesses to be allowed to give evidence at the committee stage of a Bill when a measure undergoes its most detailed scrutiny.

Also urged is a much tighter watch on statutory instruments, the Ministerial orders by which much vital policy is enforced, and fuller debate of EEC legislation before its approval by the Government.

The proposals from the all-party group will not be discussed by the Commons — let alone implemented — until next session by which time a General Election almost certainly will have been held.

Although both a Conservative and a Labour administration could presumably resist those suggestions which involved a direct challenge to the Government's authority, many MPs expect parts at least of the package to meet widespread approval. The split on hours is the most visible part of a basic disagreement between the Labour and

Men and Matters, Page 16

Guarantee scheme for small firms' loans proposed

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

TALKS ARE likely between the Government and financial institutions during the next two months on the creation of an experimental guarantee scheme for loans made by clearing banks to small firms.

This follows the publication yesterday of a report by the National Economic Development Council's committee on finance for industry which suggested that it might be worth while setting up an experimental scheme.

The report was sent yesterday to Mr. Denis Healey, Chancellor of the Exchequer, in an accompanying letter. Lord Rofe, chairman of the committee, emphasised that the main financial problem faced by small businesses was how to secure adequate equity capital rather than bank loans.

Lord Rofe's letter also echoed uncertainty in the report about whether a loan guarantee scheme is needed.

Details, Page 6

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Electricity loan

The Electricity Council is paying a margin over Eurodollar inter-bank rates of half a point for the first six years of the ten-year final maturity and five-eighths of a point thereafter.

The last comparable loan, \$500m for the French Caisse Nationale de Telecommunications, paid half a point for the first five years and five-eighths for the last five years. The grace period before repayments start on the British loan is eight years, up from seven in the French case.

At first glance the difference is not that large. But it comes when many bankers believe that there is a good chance that rates are at least stabilised. Two big borrowers have recently agreed to less favourable terms than on their previous loans while some other borrowers are known to

be considering less favourable terms.

Whether the new loan marks a setback in Western banks' attempts to raise rates will depend on the extent to which Japanese banks generally decide to recycle the country's dollar surplus in relatively low-rate lending in 1982 and the second in 1983.

Hitherto, most main Euro-currency loans managed by Japanese banks have been linked, if not tied, to projects involving Japanese companies.

The Electricity Council loan is a purely financial transaction and it is felt that if the Japanese banks plan much lending of this kind at highly competitive rates then this would ensure that their profit margins, on international lending remain depressed.

Continued from Page 1

Ulster car plant

patronage of more widely-spread commercial and financial organisations.

Because of high development and manufacturing costs, the sports car industry has moved progressively into the hands of the volume producers, who simply fit a more exotic body on to standard mechanicals.

Home loan bias against wives attacked

BY ADRIENNE GLEESON

A LARGE NUMBER of building societies may be breaking the law by discriminating against married women.

This is the principal finding of a survey conducted for the Equal Opportunities Commission for the Consumers' Association by the survey unit. The survey was designed to determine whether building societies give less favourable treatment to couples applying for mortgages when the wife earns more than her husband.

The findings of the survey — in which 231 building society branches and 23 mortgage brokers were visited by individuals inquiring about the prospects of obtaining a mortgage — suggest that 36 per cent of all building societies would have discriminated in some way against couples with a higher-earning wife.

The average loan offered to couples (with the same joint income), in which the wife was the higher earner, was £500 lower than that offered to couples in which the husband was the higher earner.

But the lowest loan offered to a couple where the wife was the higher earner was less than the lowest loan offered to a couple in which the husband earned more. Smaller societies were most frequently the offenders.

Among the larger societies, however, there were two where, according to the findings of the survey, discrimination was likely to be practised. One of them was Cheltenham and Gloucester, whose chairman, Mr. Ralph Stow, is also chairman of the Building Societies Association. Mr. Stow said yesterday that he did not accept the implied criticism.

The sample taken in the survey was very small, and a small sample was always likely to be inaccurate. The validity of the sample was also challenged by the chief general manager of the Woolwich, whose policies were similarly criticised in the survey.

Reasons for offering a lower multiple of the wife's salary than of the husband's were entirely connected with the likelihood that she would give up work to have children.

Lady Howe, deputy chairman of the Equal Opportunities Commission, pointed out yesterday that it was illegal, under the Sex Discrimination Act 1975, for building societies to apply their formulae on the size of loan to be granted in relation to income in such a way that the higher multiple was invariably applied to the husband's income.

Lady Howe said that there were three conclusions to be drawn from the findings of the survey. Building societies should check whether their branches were properly aware of the provisions of the Sex Discrimination Act, and should give proper instructions to their employees.

House prices rise, Page 6

OECD expects further moves by Japanese

BY ROBERT MAUTHNER

PARIS, August 3.

JAPAN will probably have to take further policy measures in the course of this year to maintain the momentum of economic expansion and reduce its large current external surplus, according to the latest annual review of the Japanese economy by the Organisation for Economic Co-operation and Development Secretariat.

Without taking into account the sharp revaluation of the yen on the markets since the end of May, Japan's current account surplus is forecast to rise to \$18bn in 1978 from \$11bn last year. Though a progressive reduction is expected in the next 12 months, the current surplus could still be running at an annual rate of around \$13bn in the first half of 1979.

Since the OECD review was prepared in June, before the Bonn summit, its conclusions do not take into account some of the economic policy pledges made on that occasion by Mr. Takeo Fukuda, Japanese Prime Minister. But even if some of the forecasts made on the basis of unchanged policies need revising, the advice given to the Japanese authorities on how to deal with their economic problems still remains broadly relevant.

The OECD Secretariat stresses that the most desirable method of achieving a reduction in the current surplus is an expansion of Japan's imports, rather than a curbing of exports. The OECD predicts that, in the first six months of next year, growth will have slowed down to an annual rate of 4.5 per cent. Japan is unlikely to alter trade policy in the near future.

Editorial comment, Page 16

U.S. bank abandons Stern break-up plan

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

MARINE MIDLAND BANK of the U.S. has pulled out of the three-year-old scheme of arrangement for the orderly break-up of Mr. William Stern's former \$200m property empire.

The American bank, originally owned around £10m by Stern companies, is the first of the major creditors to abandon the scheme.

But in a letter to the scheme organisers, accountants W. R. Cork Gully, the bank makes it clear that its decision to break with the arrangement is made because it feels that the three-year arrangement has been successful in organising the orderly disposal of Stern properties, and in no way suggests dissatisfaction with the management of the scheme.

The scheme was set up, under Bank of England pressure, following the collapse of Mr. Stern's 65 property companies in 1974.

Under the terms of the scheme, creditors representing 51 of these former Stern companies agreed to a three-year debt moratorium to allow City accountant Mr. Kenneth Cork time to organise the disposal of Stern properties.

Several overseas banking creditors are known to have been reluctant to join the scheme. Since 1974 there have been a number of occasions when the property market has been alive with speculation that one or other of the overseas banks would pull out of the arrangement and precipitate a mass forced sale of Stern buildings. But as the property investment market now looks stable, and the bulk of the saleable Stern properties have been sold, Marine Midland's move excited little interest in the market yesterday.

Mr. Wedgwood Benn has thus been able to find a Continental market for coal which has so far eluded the National Coal Board in its search for more conventional outlets. Earlier this year, a scheme to subsidise steam coal within the EEC failed to win approval from EEC Energy Ministers.

However, when the French system takes on an increased nuclear capacity in the future, the rough equivalence in costs between oil and coal-fired electricity, on which the scheme depends, could be upset.

The bulk of the UK's £131m investment will be earmarked for construction of a station to convert French AC power to DC power compatible with the UK system. It is likely to be located between Folkestone and Hythe, with a French equivalent nearby to be built at Sangatte, near Calais.

Britain and France to build electricity transfer link

BY JOHN LLOYD

A CROSS-CHANNEL electricity link between the UK and France is to be constructed at a cost to this country of £131m, with the French spending a similar amount.

The link will enable the Central Electricity Generating Board to burn up to 100,000 tonnes of coal a year, thus mitigating the urgency of the National Coal Board's search for larger markets.

Permission for Britain's investment was given yesterday by Mr. Anthony Wedgwood Benn, the Energy Secretary.

The link will have a capacity of 2,000 megawatts, roughly the same as a large power station. It will come into operation in two stages — the first 1,000 megawatts in 1982 and the second in 1983.

Announcing Government approval for the project, Mr. Wedgwood Benn told the Commons: "The link will add to the security and diversity of the CEB's sources of electricity and will provide an opportunity for the export of coal-fired electricity to France."

General Motors car for Japan

BY TERRY DODSWORTH AND ROBERT WOOD

GENERAL MOTORS is to launch its subcompact Chevette model in Japan in the first move by one of the big American multinationals to begin serious exports from the U.S. of one of its small, popular car ranges.

Although the initial sales target for the Chevette is reported to be small, the move underlines the belief among some vehicle manufacturers that the U.S. producers will eventually become significant exporters of their larger volume products.

This has become more of a possibility since the move in the

opening up its vehicle market to imports.

Recent indications that the Japanese are now trying to encourage imports has led Ford to launch its Fiesta model there, although this is supplied from Europe, not the U.S.

GM, however, is in a better position to exploit the Japanese market, which has been expanding rapidly over the last few months, because of its 34 per cent stake in a local manufacturer, Isuzu Motors.

The new venture will also be seen as a pointer as to whether Japan honours its promises of

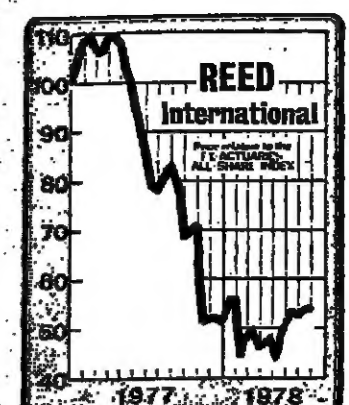
main outlet for the Chevette.

THE LEX COLUMN

Competition bites at Hoover

The momentum which has been building up on Wall Street over the past couple of weeks exploded into record trading volumes yesterday. Once again the institutional herd is rushing to establish its position as it did in the late spring. The news of all this excitement put fresh life into equities in London, which were beginning to flag a bit in the mid-afternoon, but although the All-Share Index has now established a new all-time high, the market has not yet made a decisive break upwards.

Index rose 4.6 to 499.9



Hoover

The present consumer spending boom seems to be passing Hoover by. After dreadful first quarter figures (sales down 16 per cent, profits down 35 per cent) the best that can be said about yesterday's half-year results is that Hoover has maintained its sales volume in the second three months. But the pre-tax profit of £3.8m achieved for the half year is only half what it was last time.

The Hoover puzzle is compounded by its assertion that it has not lost any market share — it claims 50 per cent of the UK market for cleaners, and 35 per cent for washing machines — despite the evidence of durable goods shops. Hoover is certainly finding the going very tough in washing machines where it is facing strong competition from Italian makes like Indesit. Its difficulties are exacerbated by the current price competition between the discount retailers, like Currys and Comet.

Hoover's response has been to go in for heavy promotional advertising. This is likely to cost the company an extra £2m at least in the full year, and the interim figures include half of this. Outside the UK the picture is improving a bit, although only South Africa is doing really well.

Hoover says that evidence of increased consumer spending is now beginning to trickle through into its factories. But this could wither away within a year. So prospects are not encouraging, and Hoover will be doing well to make £10m pre-tax compared with £12.2m last time.

Weather

UK TODAY

SUNNY intervals, showers in South, rain at first in North; cool.

London, S. England, E. Anglia, Midlands, S. Wales

Sunny intervals, showers, cool. Max. 19C (66F).

E. N. England, N. Wales

Cloudy, rain. Max. 17C (63F).

Lakes, Isle of Man, S. and E. Scotland, Cent. Highlands

Cloudy, rain. Max. 15C-16C (59F-61F).

N.E. Scotland, Orkney, Shetland

Cloudy, rain. Max. 13C (55F).

Argyll, N.W. Scotland, N. Ireland

Cloudy, rain, becoming drier. Max. 16C-18C (61F-64F).

Outlook: Mostly dry, sunny intervals.

BUSINESS CENTRES

	Y'day	Y'day	Y'day	Y'day
	midday	midday	midday	midday
Alexandria	F 29 84	Madrid	S 29 84	
Amsterdam	C 29 81	Manchester	S 29 81	
Antwerp	C 29 81	London	S 29 81	
Athens	C 29 81	Los Angeles	S 29 81	
Bahia	C 29 81	Mexico	S 29 81	
Bombay	C 29 81	Montreal	S 29 81	
Buenos Aires	C 29 81	New York	S 29 81	
Calcutta	C 29 81	Osaka	S 29 81	
Canton	C 29 81	Paris	S 29 81	
Cebu	C 29 81	Rangoon	S 29 81	
Colon	C 29 81	San Francisco	S 29 81	
Hankow	C 29 81	Seoul	S 29 81	
Hong Kong	C 29 81	Singapore	S 29 81	
Kobe	C 29 81	Tokyo	S 29 81	
Lyons	C 29 81	Yokohama	S 29 81	
Manila	C 29 81			
Medan	C 29 81			
Shanghai	C 29 81			
Singapore	C 29 81			
Tientsin	C 29 81			
Yokohama	C 29 81			

HOLIDAY RESORTS

	Y'day	Y'day	Y'day	Y'day
	midday	midday	midday	midday
Alicante	F 29 84	Jersey	C 29 84	
Amsterdam	C 29 81	Las Palmas	C 29 81	
Barcelona	C 29 81	London	S 29 81	
Bordeaux	C 29 81	Madrid	S 29 81	
Bombay	C 29 81	Manila	S 29 81	
Buenos Aires	C 29 81	Montreal	S 29 81	
Calcutta	C 29 81	New York	S 29 81	
Canton	C 29 81	Osaka	S 29 81	
Cebu	C 29 81	Paris	S 29 81	
Colon	C 29 81	Rangoon	S 29 81	
Hankow	C 29 81	San Francisco	S 29 81	
Hong Kong	C 29 81	Seoul	S 29 81	
Lyons	C 29 81	Singapore	S 29 81	
Manila	C 29 81	Tokyo	S 29 81	
Medan	C 29 81	Yokohama	S 29 81	
Shanghai	C 29 81			
Singapore	C 29 81			
Tientsin	C 29 81			
Yokohama	C 29 81			

SENTRUST LIMITED

(Incorporated in the Republic of South Africa)

FINANCIAL RESULTS FOR 1978

The audited consolidated financial results of the company for the year ended 30 June, 1978 are as follows:

SALIENT FEATURES

	1978	1977
Number of shares issued	18,000,000	18,000,000
Per share		
Earnings—before investment transactions	34.2c	29.8c
—surplus on investment transactions (net)	18.6c	1.8c
Dividends	30.6c	28.0c
Income retained	22.6c	3.8c
Net asset value per share	431c	331c

SUMMARISED CONSOLIDATED INCOME STATEMENT

	1978	1977
Income from investments	R'000	R'000
Sundry income less expenses	5,267	5,567
	34	(94)

Net income before tax and investment transactions

6,294 5,483

Net income after tax before investment transactions

6,148 5,378

Dividends

5,400 5,040

Net surplus on investment transactions after tax and provisions

3,352 318

Income retained

4,100 654

SUMMARISED CONSOLIDATED BALANCE SHEET

	1978	1977
Investments	R'000	R'000
—Listed	38,440	34,891
—Unlisted	(80,572)	(55,784)
—Directors' valuation	4,202	7,052
Land and buildings	1,984	1,902
Current assets	4,996	2,578

TOTAL ASSETS

52,133 46,438

Current liabilities

5,510 3,916

Long-term liability

500 500

Total liabilities

6,010 4,416

SHAREHOLDERS' EQUITY

46,113 42,012

(Market value at 2 August 1978 of listed shares — R69,877,000).

On behalf of the board,

J. L. VAN DEN BERG

F. J. RAHN

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Johannesburg, 2001.

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3 August, 1978

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